

# The Incorporated Accountants' Journal

## The Official Organ of The Society of Incorporated Accountants and Auditors

THE INCORPORATED ACCOUNTANTS' JOURNAL is published monthly, on the first day of each month, at an Annual Subscription of 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 3d., postage extra.

Communications respecting the general business of the paper to be addressed to the Secretary of the Society of Incorporated Accountants and

Auditors, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2. Cheques and postal orders should be made payable to the Society, and crossed "Bank of England."

Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

Vol. XLVI

JUNE, 1935

No. 9

### CITY OF ABERDEEN.

#### ASSISTANT CITY CHAMBERLAIN.

The Town Council of Aberdeen are prepared to receive applications for the appointment of ASSISTANT CITY CHAMBERLAIN. Age limit, 35 years.

Applicants must hold a qualification in Accountancy. Salary, £600, rising by annual increments of £25 to £750 per annum.

The City Chamberlain is the Chief Financial Officer of the Council.

The Office is an established post under the Local Government and other Officers' Superannuation Act, 1922, and the successful candidate will be required to pass a medical examination.

A memorandum of the conditions of service and duties may be had from the undersigned, with whom applications, accompanied by 20 copies of testimonials, and endorsed "Assistant City Chamberlain," should be lodged not later than June 24th, 1935.

G. S. FRASER,  
Town Clerk.

Town House,  
Aberdeen.  
May 25th, 1935.

### Professional Notes.

At a meeting of the Council of the Society of Incorporated Accountants and Auditors held at the conclusion of the Annual Meeting on May 15th, Mr. Richard Wilson Bartlett, J.P., whose portrait appears in this issue, was elected President. Mr. Bartlett is senior partner of the firm of Walter Hunter, Bartlett, Thomas & Co., Newport (Mon), with branch offices at Cardiff and London. He is a Past-President of the Newport Chamber of Commerce and of the South Wales and Monmouthshire District Society of Incorporated Accountants. Mr. Bartlett was elected a member of the Society in 1910, having taken honours in his Final examination. In 1929 he was elected a member of the Council, and has occupied the position of Vice-President of the Society for the last three years. Mr. Walter Holman, a partner in the firm of Allen & Baldry and Holmans, London, was elected Vice-President. Mr. Holman has been a member of the Society since 1911, when he qualified with honours, and for the last twelve months he has been Chairman of the London and District Society.

The text of the Finance Bill has now been issued and the portions of it which are of chief interest to the accountancy profession appear in our columns this month. The chief alterations in relation to income tax matters were summarised in our Professional Notes last month. The only other matters to which attention may be drawn are the following: Clause 22, which relates to life assurance premiums, is designed to prevent allowances at half the standard rate in cases where the income (or part of it) out of which the premium has been paid has borne tax at only one-third of the standard rate. This would arise in some cases in consequence of the new provision which gives an abatement of two-thirds of

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the standard rate on the first £135 of taxable income. Clause 23 continues the present scale of allowance for repairs under Schedule A up to April 5th, 1937. Under previous legislation it would have terminated at April 5th, 1936.

A new deduction from profits for income tax computation is provided by Clause 24, which gives the right in certain circumstances to deduct contributions paid for the purpose of rationalising industry. The allowance is, however, subject to so many conditions and limitations that in practice it will probably be found very difficult to get any deduction admitted. Two of the main conditions are that the rationalising scheme must be certified by the Board of Trade and that the primary object of the scheme must be the elimination of redundant works or machinery or plant from the use of an industry in the United Kingdom.

Sir Stephen Killik, F.S.A.A., Lord Mayor of London, has been presented with his portrait in oils by the directors of Cropper & Co., Limited, of which he is the Chairman. In making the presentation, Mr. Shirley Cropper said that seven directors had been together for 43 years, and it was to commemorate his Mayoralty and to remind Sir Stephen that his forty-third year as Chairman had started that they offered the portrait. A gift of a platinum and diamond wrist watch for the Lady Mayoress was presented at the same time. The Lord Mayor, in accepting the gift, said he thought it must be a record for seven men to have been associated together in business for so many years, especially when it was remembered that they were all men of mature years when they started.

Mr. A. E. Cutforth, the President of the Institute of Chartered Accountants, in his address at the Annual Meeting of the Institute, made reference to the question of amending the Companies Act. He said that there were three possible courses open to the Government. One was to set up a Committee and undertake an exhaustive survey immediately; another was to pass a short Act making amendments in cases where there was a consensus of opinion as to the desirability for such amendment; and a third course was to defer consideration of the question altogether till more experience had been accumulated and then to have the whole of the Act carefully and thoroughly reviewed by a Committee specially set up for the purpose. Mr. Cutforth understood that for the present the Government favoured the last-mentioned course, and he added that temperamentally as a nation

we were opposed to additional legislation in connection with business affairs until the need had been proved beyond doubt.

Considerable public interest was aroused last month by the decision of the House of Lords in the case of the *Inland Revenue Commissioners v. Duke of Westminster*. The facts of the case were given in these columns in August last. Briefly stated, they were that deeds were entered into between the Duke of Westminster and certain of his employees by which he undertook to pay them annual sums. These sums were stated to be payable whether the annuitants continued in his employ or not, but there was an understanding that while they continued in his employ their wages should be reduced by the amount of the annuity in each case so that in effect they received exactly the same amount as before. This understanding was incorporated in a letter written by the Duke's solicitors and read and agreed to by the annuitants. The Duke of Westminster claimed to deduct the amounts payable under the deeds from his total income for sur-tax purposes, but both the Special Commissioners and Mr. Justice Finlay decided against him. The Court of Appeal, however, took a different view, and their decision has now been upheld by the House of Lords (Lord Atkin dissenting).

It was admitted on behalf of the Crown that the sums were payable by virtue of the deeds, but at the same time it was suggested that the understanding as to reduced wages referred to above constituted another contract which was binding upon the annuitants. It was submitted that, looking at this contract together with the deeds, the substance of the matter was that the payments under the deeds were merely wages, and as such were not allowable deductions for Sur-tax purposes. Lord Tomlin pointed out, however, that "every man is entitled so to order his affairs as to minimise the amount of tax payable by him. In this case it was not suggested that the sums were not payable under the deeds nor that the deeds were not *bona fide*. The "substance of the matter" upon which the Crown relied must be determined by considering the legal effect of the documents. To do otherwise would be attempting "to make a man pay notwithstanding that he had so ordered his affairs that the amount of tax sought from him was not legally claimable."

The Crown's argument as to the "substance of the matter" having thus been set aside, it was clear that the amounts payable under the deeds

were allowable deductions for sur-tax purposes. It being admitted that the annuities were payable whether the annuitant remained in the employ of the Duke or not and were payable by virtue of the deeds, it was immaterial whether at the same time other contracts were entered into for reduced wages.

It has been held by the Court of Appeal in the case of *Holmes v. Watt* that there is no authority for the proposition that once a proof in bankruptcy for rent has been lodged by the landlord there can never thereafter be a distraint upon the tenant's goods. The landlord can exercise any other right he possesses to be paid the rent owing to him until he receives a dividend in the tenant's bankruptcy, but he must elect whether to take the proceeds of the distress or a dividend if declared in the bankruptcy. The right of distress is not taken away by sect. 35 (1) of the Bankruptcy Act, 1914, which merely affirms the right of distress and limits the amount for which it can be levied.

The Commonwealth Institute of Accountants has decided to alter its Examination Syllabus at next sittings by dropping the subject of Economics, and constituting Finance and Foreign Exchange as a separate paper with the addition of Practical Banking. Economics is to be treated as a subject for Post-Graduate studies only, and facilities are to be provided for these studies and for research work generally by the appointment of Divisional Committees to organise study groups in Accountancy and allied subjects.

The report of the Chief Registrar of Friendly Societies for the year 1933, which deals with the operations of Societies in the accounting year 1932, states that the progress in 1932 is indicated by an increase in membership of 155,000 and of £14,000,000 in assets, making the total membership 7,858,000 and the total assets £327,000,000. By eliminating the duplication of assets owing to inter-society investments and deposits, the total assets are reduced to about £262,000,000. Most of the increase in assets is to be found in the group of societies making up the co-operative movement, namely, £5,000,000 in the Retail Societies and £6,000,000 in the Wholesale Societies.

The special reports of auditors of Friendly Societies record that there have been defalcations by officers and servants in 113 cases, the amount involved being nearly £9,000. Only a small proportion of these deficiencies has been recovered chiefly because the societies had failed to obtain

adequate and effective security, and the possibility of recovery has sometimes been diminished in the case of clubs by the close association with delinquents, of members and committees of the clubs, and in some cases by contributory negligence on their part. In another column we reproduce the special report of the auditor of the Preston Workmen's Club and Institute, Limited, which makes interesting reading.

It appears that in the United States of America tax collectors have a right to seize life assurance policies and realise on them to meet income tax payments. This has been laid down by a Judge of the United States District Court in Denver, who added that the power of the Government to levy and collect taxes was virtually unlimited.

### THE SOCIETY'S 50th ANNUAL MEETING.

WE publish this month the proceedings at the 50th annual meeting of the Society of Incorporated Accountants and Auditors, together with the report of the Council and the accounts for the year 1934. At the end of that year the membership of the Society was 6,384, consisting of 1,487 Fellows, 4,894 Associates and three Honorary Members. This total represents an increase of 233 on the preceding year. During the year under review death was busy among the members, as many as 56 having passed away, including two past Presidents, Mr. Arthur Edwin Woodington and Mr. George Stanhope Pitt.

The number of candidates at the examinations has been fully maintained, a total of 2,006 having presented themselves during the twelve months of whom 976 succeeded in passing. The percentages of passes, namely, 46 per cent. in the Final examination, 50 per cent. in the Intermediate and 51 per cent. in the Preliminary, do not show much variation from the two preceding years, the average of the last three years showing 47 per cent. passes in the Final, 49 per cent. in the Intermediate and 53 per cent. in the Preliminary.

The Honorary Membership of the Society was conferred on Sir Stephen Killik, F.S.A.A., upon his election as Lord Mayor of London in November last, and a letter from him was read by Sir James Martin at the commencement of the annual meeting, in which Sir Stephen recorded his gratification that he had been permitted to enjoy the advantages of membership of the Society for a period of 40 years, and stated that among the compliments that

had been paid to him at various times there was none which he valued more highly than the Honorary Membership conferred upon him on the occasion of his entering upon his duties as Lord Mayor.

The revenue account of the Society shows a surplus of income over expenditure for the year of £3,916, which is more than £2,000 in excess of the year 1933. This difference is accounted for largely by the exceptional expenses in connection with the International Congress on Accounting in the earlier year, together with a saving of £350 on debenture interest in 1934 by reason of a portion of the debentures having been paid off. There is also a substantial increase in annual subscriptions and a smaller increase in examination fees. The accumulated fund of the Society now amounts to over £50,000, in addition to which there is a reserve for debenture redemption of nearly £9,000.

In anticipation of the 50th anniversary celebrations of the Society, Mr. Cassleton Elliott and Mr. Wilson Bartlett placed in the hands of the Council in the early part of 1935 their resignations as President and Vice-President respectively in order to enable Sir James Martin to occupy the Presidential chair on that important occasion, the Vice-Presidency falling to Mr. C. Hewetson Nelson as one of the senior past Presidents. This disinterested action on the part of Mr. Cassleton Elliott and Mr. Wilson Bartlett was fully appreciated by the members.

Sir James Martin, in opening his Presidential Address, referred to the Silver Jubilee of His Majesty the King, which he described as one of the great historic events of this century, and stated that the Council of the Society had submitted to His Majesty, through the usual channel, a loyal address on the occasion, the full terms of which appear in our report of the proceedings. He also announced that the Council had made a contribution of 300 guineas to King George's Jubilee Trust, of which His Royal Highness the Prince of Wales is the President, and had directed the amount to be forwarded through the Lord Mayor's Fund.

In connection with the Society's 50th anniversary celebrations, Sir James intimated that the Council had adopted a formal resolution of thanks to the Lord Mayor and Corporation of London for the valuable facilities and privileges afforded to the Society at the Guildhall and that a similar resolution had been sent to the Lord Mayor and Lady Mayoress for receiving the members at the Mansion House. He regarded the success of these celebrations as the highest standard of attainment reached by the Society, and acknowledged the magnificent

support accorded by the members from all parts of the country. Reference was also made by him to the number of messages of congratulation received from other bodies of accountants and from friends both inside and outside the profession, likewise to celebrations on a smaller scale which had been held by members in South Africa and elsewhere.

Referring to the death of two past Presidents, Mr. Woodington and Mr. Pitt, mentioned above, Sir James said that Mr. Woodington was a popular figure in the Society and that his genial presence and wise counsel were enjoyed by his colleagues on the Council from 1899 down to his retirement in 1933, during part of which time he acted as an accountancy examiner for the Final examination and as Chairman of the Examination and Membership Committee. Mr. Pitt, who became a member of the Council in the year 1901, was also held in high esteem by his colleagues, and it was to his indomitable perseverance that the acquisition of Incorporated Accountants' Hall was largely attributable.

Reference was also made by the President to the excellent work of the District and Students' Societies in promoting the work of professional education, in which connection Sir Stephen Killik, since entering upon his office as Lord Mayor, had continued to discharge the duties of President of the London Students' Society, in which he had taken an active interest for many years.

An outstanding event of 1934 was the experiment, under the leadership of Mr. Cassleton Elliott, for maintaining the interest of the younger members of the Society in their professional education. This took the form of a short course in professional subjects at Gonville and Caius College, Cambridge, which was opened by the Vice-Chancellor of Cambridge University. Sir James expressed the hope that this would be repeated in future years, as he considered it fulfilled a great need.

In the latter part of his address, the President referred to the handicap on industry of the high rate of income tax, at the same time acknowledging the relief afforded to taxpayers in the Budgets of 1934 and 1935, which undoubtedly had a stimulating effect upon the trade of the country. The burden of representing the taxpayer in his relations with the Board of Inland Revenue he regarded as a heavy one, having regard to the fact that the Income Tax Act of 1918 still continued to be the basis of income tax practice, supplemented—and, we would add, complicated—by the numerous amendments made by the Finance Acts in each of the subsequent years. The coming codification of Income Tax

law, which had been under consideration by a Parliamentary Committee appointed in 1927, would therefore be welcomed, and having regard to the difficulties of their task it was hardly surprising that the labours of the Committee had been protracted. In the meantime, he desired to acknowledge the confidence both of the public and the Board of Inland Revenue in the accountancy profession in relation to taxation matters.

In concluding his remarks, Sir James stated that he was about to relinquish his Presidential Office, but that did not terminate his interest in and zeal for the Society, whose status never stood higher than it did to-day. He wished to express his gratitude to the Vice-President and all his colleagues, and added that, although he was speaking as President for the time being, the work of the Society covered by the report was carried out under the leadership of Mr. Cassleton Elliott and Mr. Wilson Bartlett, who had occupied the offices of President and Vice-President during the whole of 1934 and who had generously and unselfishly placed those offices at the disposal of the Council for the purpose of the 50th anniversary celebrations. They all recognised and appreciated the zeal and ability with which Mr. Cassleton Elliott had discharged the duties of the office of President for the greater part of three years.

The discussion which followed was mainly of a congratulatory nature and does not call for special comment.

The motion for the adoption of the report and accounts was seconded by the Vice-President and unanimously carried, after which the retiring members of the Council and the auditors were reappointed. The proceedings terminated with a unanimous vote of thanks to Mr. Cassleton Elliott for the valuable services rendered by him as President of the Society during the three years 1932 to 1935, and an appreciation of his work in connection with the Incorporated Accountants' Course at Cambridge and as Chairman of the 50th Anniversary Committee.

### SCIENTIFIC MANAGEMENT.

THE sixth International Congress for Scientific Management is to be held in London from July 15th to July 20th next, and a cordial invitation to attend this Congress is extended by the Council to all those who are interested in any phase of management, whether commercial, industrial, agricultural or domestic. Two hundred papers have been contributed by authors from various parts of the world, but the members of the

Congress will not be called upon to listen to the reading of this immense output of literature. That would be more than the greatest enthusiast could digest in the course of a few sessions. The papers are divided into the following six sections, viz, (1) Manufacturing, (2) Agricultural, (3) Distribution, (4) Educational and Training, (5) Development and (6) Domestic. Each section is again sub-divided into four sub-sections and for each sub-section a Rapporteur has been appointed whose duty it is to summarise the papers relating to that sub-section. The rapporteur's summary and comments will be the opening feature of each session and the discussion will of necessity tend to focus itself on this summary. The whole of the papers, however, have been printed in advance, and the seven volumes containing these original contributions are available now and are being issued to every enrolling member of the Congress.

The professional accountancy bodies have taken an active part in the organisation of the Congress and it is anticipated that many qualified accountants will wish to become members of the Congress. The sections which will probably prove of particular interest to accountants are the Manufacturing section which deals with methods of controlling production, the Distribution section which covers concrete examples of the application of scientific management to distribution problems in manufacturing, wholesaling and retailing, and the Development section which is devoted to a consideration of the best methods of inculcating modern management principles and practices in large scale, medium and small undertakings. The remaining sections are certainly not devoid of interest to accountants and a special series of papers is included in the Agricultural section on the use of accounts in farm management.

In addition to these pre-arranged sections it was decided at the outset to hold two plenary sessions for the discussion of special subjects of topical interest at the date of the Congress. These subjects have now been fixed, the first being "Management problems arising from Government Intervention," and the second "The simplification of data, the place of statistics, and the standardisation of terms." The first of these plenary sessions is expected to provoke a lively discussion. In this country the various marketing schemes have forced the subject of Government intervention into prominence but the speakers at this session will include representatives from countries where that particular form of intervention would be considered almost benevolent by comparison with the control to which their nationals are subjected in their business transactions.

The general question of Management, in relation to industry and commerce, has not yet received from accountants that full measure of consideration which might have been expected. There would appear to be some variation of opinion as to whether the subject is one calling for detailed attention by the qualified accountant. On the one hand it has been suggested that the subject, whilst interesting in the same way as any other branch of commerce, is perhaps too remote from accountancy proper to warrant any specialised study. On the other hand the fact is recognised by many members of the profession that qualified accountants will be called upon to play an increasingly important part in the provision of the personnel for the management profession. The view has been expressed that management audits may open up a new field to the practising accountant but there is little indication yet that the suggestion is being considered as a serious possibility. The measure of interest displayed in the forthcoming Congress by accountants may be some indication as to the trend of accounting thought in relation to scientific management in the future. Certainly it would appear to be desirable that every opportunity should be taken of obtaining enlightenment on the many aspects of management as a preliminary to arriving at a final decision as to the part to be played by accountancy in the creation of a profession and a technique of management.

One of the main purposes of the Congress is to create a real national interest in management topics and the success of that particular purpose is already assured. The international character of the Congress is something more than a mere name. The views of business men in every commercial country of the world will be available on specific subjects. Economists of to-day are largely in agreement that before any final solution is to be found of the present world difficulties it will be necessary for all nations, and particularly for all leaders of thought, to realise that the world is one economic unit and not a series of self-contained compartments capable of functioning as individual units without much regard for the conditions existent in the other compartments. This Congress, with its pooling of knowledge on all phases of scientific management, may play an important and definitely educational part towards the realisation of that basic fact. It will enable not only economists but all thinking men to visualise some of the problems involved in the unification of economic thought. From that point of view accountants cannot afford to stand aside whilst the leading business men of the country are striving towards a solution of the world problems of the day.

The full membership fee of the Congress is £2 2s., and this fee entitles each member to receive at once the seven volumes of papers and a copy of the Congress Handbook, as well as the right to participate in the business sessions and the many social functions. The secretary of the Congress is Mr. Henry Ward, 21, Tothill Street, London, S.W.1, to whom immediate application should be made for the programme and all particulars.

## Society of Incorporated Accountants and Auditors.

### COUNCIL MEETINGS.

A meeting of the Council of the Society was held at Incorporated Accountants' Hall on May 15th when there were present:—Sir James Martin (President) in the chair, Mr. C. Hewetson Nelson (Vice-President), Mr. A. Stuart Allen (London), Mr. R. Wilson Bartlett (Newport, Mon.), Mr. R. M. Branson (Leicester), Mr. J. Paterson Brodie (Stoke-on-Trent), Mr. Henry J. Burgess (London), Mr. D. E. Campbell (Wolverhampton), Mr. W. Allison Davies, O.B.E. (Preston), Mr. R. T. Dunlop (Glasgow), Mr. E. Cassleton Elliott (London), Mr. Frederick Holliday (Leeds), Sir Thomas Keens (London and Luton), Mr. Edmund Lund, M.B.E. (Carlisle), Mr. Henry Morgan (London), Mr. James Paterson (Greenock), Mr. Percy Tothill (Sheffield), Mr. Richard A. Witty (London), Mr. J. R. W. Alexander, M.A., LL.B. (Standing Counsel), Mr. E. E. Edwards, B.A., LL.B. (Parliamentary Secretary), and Mr. A. A. Garrett, M.B.E., M.A. (Secretary).

Apologies for non-attendance were received from Mr. W. Norman Bubb, Mr. Arthur Collins, Mr. W. H. Payne, Mr. W. Paynter, Mr. A. E. Piggott, Mr. Alan Standing, Mr. A. H. Walkey, Mr. F. Walmsley, Mr. R. T. Warwick, Mr. E. W. C. Whittaker, and Mr. F. Woolley.

### COUNCIL.

The Secretary intimated that Mr. J. Stewart Seggie, who was one of the representatives of the Scottish members on the Council under the provisions of Article 40, had resigned his seat on the Council and that Mr. Robert Thomas Dunlop (Glasgow), Fellow in Public Practice, had been elected by the Scottish members in place of Mr. Stewart Seggie. The President welcomed Mr. Dunlop. The Council directed that their thanks be accorded to Mr. Stewart Seggie for his services.

### DEATH OF MR. WILLIAM BATESON.

The Council received advice of the death of Mr. William Bateson, Blackpool, who had been a member of the Council from 1924 to 1930. A resolution of condolence with the widow and family of the late Mr. William Bateson was adopted.

### INCORPORATED ACCOUNTANTS' HALL.

A report was received from the Finance and General Purposes Committee that it had been decided to redeem a further £8,000 of the Society's debentures on December 31st, 1935.

A copy of the reproduction of Mr. Hanslip Fletcher's sketch of Incorporated Accountants' Hall was available and was submitted.

### THE KING'S SILVER JUBILEE.

The Secretary laid before the Council the terms of the Loyal Address from the members of the Society submitted to His Majesty the King through the Secretary of State for Home Affairs. The Address was as follows:—

To the King's Most Excellent Majesty.  
Loyal Address of

The Society of Incorporated Accountants and Auditors.

May it please Your Majesty to receive the dutiful and loyal congratulations of the President, Council and Members of the Society of Incorporated Accountants and Auditors upon the occasion of Your Majesty's Silver Jubilee in May, 1935, together with their respectful good wishes for the long life and happiness of Your Majesty The King and Her Majesty The Queen.

Given under the Common Seal of the Society this 22nd day of March, 1935.

JAMES MARTIN, *President*.

C. HEWETSON NELSON, *Vice-President*.

ALEX. A. GARRETT, *Secretary*.

The following communication from the Home Secretary was read to the Council :—

7th May, 1935

SIR,—I am directed by the Secretary of State to say that he has been commanded by The King to convey to you His Majesty's thanks for the loyal and dutiful address from the Society of Incorporated Accountants and Auditors on the completion of the Twenty-fifth Year of His Majesty's Reign, and to assure you that His Majesty deeply appreciates the sentiments of loyalty and affection to which it gives expression.

I am, Sir,

Your obedient Servant,

H. A. STRUTT.

#### FIFTIETH ANNIVERSARY CELEBRATIONS OF THE SOCIETY.

On the motion of the President, seconded by the Vice-President, the following resolutions were unanimously adopted :—

- (a) That the cordial thanks of the President, Council and Members be accorded to the Lord Mayor and Corporation of London for the use of Guildhall and for other facilities so kindly granted in connection with the dinner held on April 3rd, 1935, to celebrate the fiftieth anniversary of the foundation of the Society of Incorporated Accountants.
- (b) That the cordial thanks of the President, Council and Members be accorded to the Lord Mayor, Sir Stephen Killik, and the Lady Mayoress for their kindness in giving a reception to the members at the Mansion House on April 4th, 1935, in connection with the fiftieth anniversary celebrations of the Society of Incorporated Accountants. The Council desire to record their appreciation of the brilliant function and of the honour which the members had of being received by one of their own number in his capacity of the Chief Magistrate of the City.
- (c) That the cordial thanks of the Society be accorded to Mr. E. Cassleton Elliott, the Chairman, and the members of the committee for their services and for the arrangements made in connection with the fiftieth anniversary celebrations of the Society held on April 3rd, 4th and 5th, 1935. The Council desire to record their pleasure at the complete success of all the functions.

On the motion of Sir Thomas Keens seconded by Mr. Henry Morgan the following resolution was also adopted :—“ That the best thanks of the Society be accorded to Sir James Martin and to Mr. C. Hewetson Nelson for the able discharge of the respective duties of President and Vice-President on the occasion of the fiftieth anniversary celebrations of the Society of Incorporated

Accountants held in London on April 3rd, 4th and 5th, 1935.” The Council also expressed their appreciation of the acceptance of the offices of Jubilee President and Jubilee Vice-President by Sir James Martin and Mr. C. Hewetson Nelson, and their sense of the appropriateness that those offices should have been filled by two Past Presidents who had rendered long and continuous service to the Society.

The President advised the Council of the large number of communications which had been received by him from guests and members in regard to the celebrations.

#### NETHERLANDS INSTITUTE OF ACCOUNTANTS.

##### FORTIETH ANNIVERSARY.

It was reported that at the request of the President, Mr. Walter Holman had represented the Society at the fortieth anniversary dinner and meeting of the Netherlands Institute of Accountants held in Amsterdam on May 13th, 1935. Mr. Holman had expressed to the Netherlands Institute the congratulations of the Society, and the thanks of the Council were accorded to Mr. Holman for his representation on that occasion.

##### DEATHS.

The Secretary reported the deaths of the following members :—Eric Charles Burroughs (*Associate*), Chicago. Ebenezer Henry Hawkins (*Fellow*), London. William Harris Jack (*Fellow*), Glasgow. Sydney North (*Fellow*), London.

At a second meeting of the Council held after the annual general meeting, Sir James Martin handed to Mr. Cassleton Elliott an inscription of the vote of thanks accorded to him at the fiftieth annual general meeting of the Society for his services as President during the years 1932-35.

##### ELECTION OF PRESIDENT.

Upon the motion of Sir James Martin, seconded by Mr. C. Hewetson Nelson it was resolved unanimously that Mr. Richard Wilson Bartlett, Newport (Mon.), Cardiff and London, be elected President of the Society for the ensuing year. Mr. Wilson Bartlett acknowledged his election and took the Chair.

##### ELECTION OF VICE-PRESIDENT.

Upon the motion of Mr. R. Wilson Bartlett, seconded by Sir Thomas Keens, it was resolved unanimously that Mr. Walter Holman, London, be elected Vice-President of the Society for the ensuing year. Mr. Holman acknowledged his election.

##### APPOINTMENT OF COMMITTEES.

The following Committees were elected :—

*Disciplinary Committee* (elected by ballot ; Mr. Henry Morgan (Chairman), the President, the Vice-President, Mr. Henry J. Burgess, Mr. Arthur Collins, Mr. E. Cassleton Elliott, Sir Thomas Keens, Mr. Percy Toothill, Mr. R. T. Warwick and Mr. Richard A. Witty.

*Finance and General Purposes Committee*.—Mr. C. Hewetson Nelson (Chairman), Mr. E. Cassleton Elliott (Vice-Chairman), the President, the Vice-President, Mr. Henry J. Burgess, Mr. Arthur Collins, Sir Thomas Keens, Mr. Henry Morgan, Mr. William Paynter, Mr. Alan Standing, Mr. R. T. Warwick, and Mr. Richard A. Witty.

*Examination and Membership Committee*.—Mr. Henry Morgan (Chairman), Mr. Richard A. Witty (Vice-Chairman), the President, the Vice-President, Mr. A. Stuart Allen, Mr. J. Paterson Brodie, Mr. W. Norman Bubb, Mr. Henry J. Burgess, Mr. W. Allison Davies, Mr. E. Cassleton Elliott, Mr. C. Hewetson Nelson, Mr. W. Paynter, Mr. Percy Toothill, Mr. R. T. Warwick, and Mr. F. Woolley.

*Parliamentary Committee*.—Sir Thomas Keens (Chairman), the President, the Vice-President, Mr. R. M.

Branson, Mr. J. Paterson Brodie, Mr. Arthur Collins, Mr. E. Cassleton Elliott, Mr. Henry Morgan, Mr. C. Hewetson Nelson, Mr. E. W. C. Whittaker and Mr. Richard A. Witty.

*Articles and Bye-Laws Committee.*—Mr. R. T. Warwick (Chairman), the President, the Vice-President, Mr. D. E. Campbell, Mr. W. Allison Davies, Mr. W. Paynter, Mr. Allan Standing, Mr. Percy Toothill, and Mr. E. W. C. Whittaker.

*District Societies Committee.*—Sir Thomas Keens (Chairman), the President, the Vice-President, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. D. E. Campbell, Mr. W. Allison Davies, Mr. E. Cassleton Elliott, Mr. F. Holliday, Mr. Edmund Lund, Mr. William Paynter, Mr. R. T. Warwick, Mr. Richard A. Witty, and Mr. F. Woolley.

*Examiners.*—Sir Josiah C. Stamp, G.B.E., Sc.D., LL.D., D.Sc., Mr. W. H. Coates, Ph.D., LL.B., B.Sc. (Economics), Mr. Charles Hewetson Nelson, F.S.A.A., Mr. William Norman Bubb, F.S.A.A., Mr. Richard Alfred Witty, F.S.A.A., Mr. Walter Holman, F.S.A.A., Mr. Roland Burrows, K.C., Mr. Clement C. Gatley, M.A., D.C.L., LL.D., Barrister-at-Law, Mr. Charles B. Milne, K.C., M.P., Mr. Denis Pringle, B.A., LL.B., Barrister-at-Law, Mr. L. R. Pears, M.A., M.Sc.

*Trustee.*—Sir Thomas Keens was appointed a Trustee of the Society in place of the late Mr. George Stanhope Pitt. The other trustees are Sir James Martin and Mr. C. Hewetson Nelson.

### AMERICAN ACCOUNTANCY BILL VETOED.

The "Monthly Bulletin" of the New York State Society of Certified Public Accountants states that disapproval of the McGinnies Accountancy Bill, which would have given the certificate of Public Accountant without public examination to thousands of persons, was voiced in a final statement by Governor Herbert H. Lehman, made public on May 8th last. The Bill was entitled "An Act to amend the Education Law, in relation to the public practice of Accountancy," and the veto message was as follows:

The Education Law now prescribes certain requirements for qualification as a certified public accountant. It forbids anyone to use the description "certified public accountant" or the abbreviation "C.P.A." unless he is a certified public accountant under the law of the State.

This Bill, in effect, creates a new class of accountants to be known as public accountants. An appropriate certificate as a public accountant could be obtained from the Board of Regents upon satisfying qualifications, less rigid and less exacting than those imposed upon certified public accountants.

This new class of accountants would be permitted under the law to advertise themselves as public accountants and use the abbreviation "P.A."

This Bill would in my opinion prove injurious to the public, because great confusion between a public accountant and a certified public accountant would result.

The Board of Regents has communicated to me its formal disapproval.

The Bill is disapproved.

HERBERT H. LEHMAN.

A large number of accountancy bodies in the United States of America had already expressed their disapproval of the Bill.

### CONFERENCE OF REPRESENTATIVES OF BRANCHES AND DISTRICT SOCIETIES.

On May 16th a conference of representatives of Branches and District Societies with Members of the Council was held at Incorporated Accountants' Hall. The President (Mr. R. Wilson Bartlett) was in the chair, and there was a representative attendance consisting of Mr. A. Stuart Allen, Mr. J. Paterson Brodie, Mr. W. Norman Bubb, Mr. D. E. Campbell, Mr. Robert Dunlop, Mr. E. Cassleton Elliott, Mr. Frederick Holliday, Mr. Walter Holman, Sir Thomas Keens, Mr. Edmund Lund, Mr. Henry Morgan, Mr. James Paterson, Mr. Percy Toothill, Mr. R. T. Warwick, and Mr. Richard A. Witty (Members of the Council); Mr. Edward Baldry (London and District Society), Mr. W. J. Ching (Devon and Cornwall District Society), Mr. A. H. Crumpton (Hull District Society), Mr. Tudor Davies (South Wales and Monmouthshire District Society), Mr. Charles M. Dolby (Liverpool District Society), Mr. T. W. Dresser (Yorkshire District Society), Mr. M. P. Ferneyhough (North Staffordshire District Society), Mr. Frank Harrison (Yorkshire District Society), Mr. Donald V. Hayden (East Anglian District Society), Mr. H. R. Horne (Notts, Derby and Lincoln District Society), Mr. W. T. Manning (Leicester District Society), Mr. Glyn Morris (Swansea and South West Wales District Society), Mr. W. Bertram Nelson (Liverpool District Society), Mr. William A. Nixon (Manchester District Society), Mr. P. D. Pascho (Devon and Cornwall District Society), Mr. Halvor Piggott (Manchester District Society), Mr. John J. Potter (Birmingham District Society), Mr. G. Roby Pridie (London Students' Society), Mr. J. W. Richardson (Sheffield District Society), Mr. Stanley Scotter (Hull District Society), Mr. A. W. Sleeman (Swansea and South West Wales District Society), Mr. John E. Spoors (Newcastle-upon-Tyne District Society), Mr. Joseph Stephenson (London and District Society), Mr. Charles L. Townend (Bradford District Society), Major S. T. Tunbridge (East Anglian District Society), Mr. E. J. Waldron (South of England District Society), Mr. Percy H. Walker (South Wales and Monmouthshire District Society), Mr. S. I. Wallis (Notts, Derby and Lincoln District Society), Mr. John Wareing (North Lancashire District Society), Mr. R. W. Woodhead (North Staffordshire District Society), Mr. A. A. Garrett (Secretary), and Mr. Ernest E. Edwards (Parliamentary Secretary).

A number of matters affecting the organisation of District Societies were discussed. The topic which raised most discussion was the suggestion that attendance at Students' Lectures should be made compulsory. A resolution recommending compulsory attendance was withdrawn on the understanding that each District Society should send to the District Societies Committee considered views on this question.

#### LUNCHEON.

After the Conference, the President entertained representatives and members of the Council to luncheon at the Waldorf Hotel. Mr. Charles M. Dolby, of Liverpool, proposed the toast of "The President," and congratulated Mr. Wilson Bartlett on the honour which had been conferred upon him. The President in reply said that he was very pleased that the first function which he had attended in his capacity as President had been a meeting of District Society representatives. During his term of office he hoped to visit all the Branches and District Societies.

# The Society of Incorporated Accountants and Auditors.

## 50th ANNUAL GENERAL MEETING.

THE fiftieth Annual General Meeting of the Society of Incorporated Accountants and Auditors was held at Incorporated Accountants' Hall on May 15th. Sir JAMES MARTIN (President of the Society) occupied the chair, and was supported by Mr. C. Hewetson Nelson (Vice-President) and the following members :

Sir Thomas Keens, and Mr. E. Cassleton Elliott (Past Presidents) ; Mr. A. Stuart Allen, Mr. R. Wilson Bartlett, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. Henry J. Burgess, Mr. D. E. Campbell, Mr. W. Allison Davies, O.B.E., Mr. R. T. Dunlop, Mr. F. Holliday, Mr. Walter Holman, Mr. Edmund Lund, M.B.E., Mr. James Paterson, Mr. Percy Toothill, and Mr. Richard A. Witty (Members of the Council) ; Mr. S. O. Alldridge, Mr. A. Anderson, Mr. C. E. L. Bird, Mr. W. J. Ching, Mr. A. F. Davies, Mr. Tudor Davies, Mr. Reginald Davis, Mr. T. G. Davis, Mr. Charles M. Dolby, Mr. T. W. Dresser, Mr. M. P. Ferneyhough, Mr. F. Harrison, Mr. Gordon Hawley, Mr. J. E. Huggins, Mr. Arthur H. Hughes, Mr. E. Furnival Jones, Mr. Harry C. King, Mr. J. Linahan, Mr. D. Mahony, Mr. Glyn Morris, Mr. W. Bertram Nelson, Mr. William A. Nixon, Mr. V. Owlett, Mr. P. D. Pascho, Mr. Halvor Piggott, Mr. G. Roby Pridie, Mr. G. F. Richardson, Mr. C. Neville Russell, Mr. Stanley Scotter, Mr. H. B. Sheasby, Mr. A. W. Sleeman, Mr. Wm. Strachan, Lieut.-Col. R. C. L. Thomas, Mr. Charles L. Townend, Mr. Percy H. Walker, Mr. S. I. Wallis, Mr. John Wareing, Mr. Edwin Wilson, Mr. Frederick R. Witty, Mr. R. W. Woodhead, Mr. Harold C. Wright ; also Mr. J. R. W. Alexander, LL.B., Mr. E. E. Edwards, LL.B. (Parliamentary Secretary), and Mr. A. A. Garrett, M.B.E. (Secretary).

The Secretary (Mr. Alexander A. Garrett, M.B.E., M.A.) having read the notice convening the meeting and the report of the auditors on the accounts, the Minutes of the forty-ninth ordinary general meeting, held in May, 1934, were taken as read and signed by the President.

The President said he had received the following letter from the Lord Mayor :—

THE MANSION HOUSE,  
LONDON, E.C.4.  
15th May, 1935.

MY DEAR PRESIDENT,

I regret that my official duties prevent my being present at the annual meeting of the Society.

It is a matter of gratification to me to know that I have been permitted to enjoy the advantages of membership of the Society for a period of forty years, and among the compliments that have been paid to me at various times there is none which I value more highly than the Honorary Membership conferred upon me on the occasion of my entering upon my duties as Lord Mayor.

I should like to congratulate the Society on the enormous progress which it has made during these years, and particularly on its wisdom in selecting as its President in this important year one to whom the Society owes more than can be expressed in words.

I send you my best wishes for a successful meeting.

Yours sincerely,

STEPHEN KILLIK,  
Lord Mayor.

SIR JAMES MARTIN,  
President,  
The Society of Incorporated  
Accountants and Auditors.

### President's Address.

The PRESIDENT then proceeded to deliver his Address as follows :—

I have pleasure in moving the adoption of the fiftieth annual report and accounts.

### SILVER JUBILEE OF HIS MAJESTY THE KING.

Our thoughts at this time happily turn to the magnificent celebrations which took place in all parts of the Empire last week to mark what must be one of the great historic events of this century—the Silver Jubilee of His Majesty The King. The remarkable manifestations of deep-seated loyalty and affection witnessed last week must have exceeded anything which our imagination could have suggested. The great sense of national unity which the celebrations displayed and the spirit of encouragement which they inspired are felt by every one of His Majesty's subjects. And with this happy inspiration is the appreciation and the assurance that these vital factors in our national life find their source in the Throne, and more particularly in the high sense of devotion, courage and wisdom which Their Majesties have shown during one of the most critical periods in the history of the Empire.

The Society of Incorporated Accountants recalls with gratitude that its members were honoured by the presence of H.R.H. the Duke of York on the occasion of the opening of this Hall. Our occupation of this Hall was not merely a change of venue, but was a re-stimulation of those activities and a re-dedication of those services which I have been privileged to experience during my long association with the Society.

On the occasion of the fiftieth anniversary celebrations of the Society I had the honour to submit my humble duty to His Majesty, and received from the King through his Private Secretary a message

of good will and good wishes to Incorporated Accountants. The Council of the Society in a more formal manner have submitted to His Majesty through the Secretary of State for Home Affairs a Loyal Address on the occasion of the King's Silver Jubilee. The terms of that address are as follows :—

TO THE KING'S MOST EXCELLENT MAJESTY.  
LOYAL ADDRESS OF  
THE SOCIETY OF INCORPORATED ACCOUNTANTS  
AND AUDITORS.

May it please Your Majesty to receive the dutiful and loyal congratulations of the President, Council and Members of the Society of Incorporated Accountants and Auditors upon the occasion of Your Majesty's Silver Jubilee in May, 1935, together with their respectful good wishes for the long life and happiness of Your Majesty The King and Her Majesty The Queen.

I hope that some of you were privileged to see on May 6th the ancient ceremony of the Lord Mayor receiving Their Majesties at Temple Bar, the boundary of the City of London, and I am glad to think that the Lord Mayor in the twenty-fifth year of His Majesty's reign is a member of this Society. I must express our admiration of the dignity and the sense of responsibility with which the Lord Mayor and the Lady Mayoress have discharged the great and onerous duties which have fallen to them. The Council were assured that Incorporated Accountants in a corporate sense would desire to have some share in the practical steps inaugurated by the Royal House to express the idea of unity and service associated with His Majesty's Silver Jubilee celebrations. The Council accordingly, in your name, made a contribution of three hundred guineas to King George's Jubilee Trust, of which H.R.H. The Prince of Wales is the President, and directed that the amount be forwarded through the Lord Mayor's Fund.

THE SOCIETY'S FIFTIETH ANNIVERSARY  
CELEBRATIONS.

On behalf of Mr. Hewetson Nelson and myself I desire to acknowledge the invitation which the Council extended to us to occupy the offices of President and Vice-President for the period of the Fiftieth Anniversary Celebrations of the Society. My first duty is to advise you that the Council have adopted a formal resolution of thanks to the Lord Mayor and Corporation of London for the valuable facilities and privileges afforded to the Society at Guildhall. A similar resolution has been sent to the Lord Mayor and Lady Mayoress for receiving the members at the Mansion House.

We were fortunate in the choice of dates, which prevented our own celebrations clashing with any other important events in London.

I have witnessed during a period of fifty years all the principal undertakings of the Society, and the success of those celebrations represents the highest standard of attainment amongst the Society's many undertakings. I would make my acknowledgments to my Vice-President, Mr. Hewetson Nelson, to Mr.

Cassleton Elliott, the Chairman, and the members of the Committee having charge of the arrangements. Their labours were brought to a successful issue and considerably lightened the responsibilities of the President. I have also to record the appreciation of the Council to the Society's staff for their additional and untiring work in carrying out the details of the arrangements.

In my judgment the most impressive fact in connection with those celebrations is the magnificent support which was given by members from all parts of the country. My only regret is that it was necessary to decline some of the applications received, owing to the accommodation available being exhausted.

I am happy to think that on that occasion I had the pleasure of receiving personally some of our professional brethren from overseas, and I have to say how much we appreciated the large number of messages of congratulation received from other bodies of accountants, and from our friends both inside and outside the profession. I have further to acknowledge the graceful reference made to the Society's Fiftieth Anniversary by Mr. Arthur Cutforth, the President of the Institute of Chartered Accountants, at the annual meeting of that body.

Since the celebrations were held I have received detailed reports of the luncheons held by the members of the Society in Cape Town, Johannesburg and Durban, when the messages exchanged between us were read. A large number of members were present at those gatherings, and the cordiality of the proceedings has added to the measure of the Council's gratification at all that took place.

I was very pleased to see present in London a large number of our younger members, both men and women, and from the communications I have received I am assured that the significance of the celebrations has not been lost upon them.

My Vice-President was good enough to give an address reviewing the principal events in the history of the Society, and I would commend that address, which is published in the *Incorporated Accountants' Journal*, to you.

Having addressed you so recently, I need hardly elaborate what I said at Guildhall, but as my mind goes back over the Society's history and over the accountancy profession for the last fifty years, I am happy to have the assurance that the early contentions and strifes have been replaced by mutual regard and forbearance, with the result that, as we proceed to the second half century of our professional history, we can do so in a spirit of mutual emulation and understanding amongst the bodies of professional accountants all over the world.

THE PAST YEAR.

A large number of members have learned with regret of the death of Mr. Arthur Edwin Woodington and of the death of Mr. George Stanhope Pitt. Mr. Woodington was a popular figure in the Society, and his genial presence and wise counsel were enjoyed by his colleagues on the Council from 1899, when he

joined the Council as a young man. Mr. Woodington served in the office of Examiner, was Chairman of the Examination and Membership Committee for a long period, and was President of the Society from 1916 to 1919. To him fell the responsibility of carrying on the work of the Society during the War and of preparing the way for the entry into the Society of men returning from Active Service who subsequently qualified as Incorporated Accountants. Mr. Stanhope Pitt became a Member of the Council in the year 1901. He was held in high esteem by his colleagues. Stimulated by a desire to enhance the status of the Society, he initiated and with indomitable perseverance carried through the policy which eventually led to the acquisition of Incorporated Accountants' Hall.

The work of the Society in connection with the Examinations has been maintained at a high level, and I am glad to see that the honours were shared to the extent that two of the prizes in the Intermediate Examination were taken by candidates in South Africa.

Whilst the Examinations necessarily focus a considerable amount of the work of candidates, it is one of the first responsibilities of the Council to develop whatever facilities may be available for professional education. The excellent work of the District and Student Societies contributes to this end, and it is noteworthy that Sir Stephen Killik, during his period of office as Lord Mayor, has found time to discharge the duties of President of the London Students' Society, in which he continues to take an active interest.

Under the leadership of Mr. Cassleton Elliott an experiment was made in 1934 which proved to be an unqualified success. The Council had been impressed with the need for maintaining the interest of younger members of the Society in professional studies and professional education. In view of the many calls upon their time the problem has always presented considerable difficulties. But the Course held at Cambridge in July last undoubtedly met a real need, and it is my desire that it shall be repeated in future years. Through the kindness of the Master and Fellows the Course was given at Gonville and Caius College, where the members enjoyed residential facilities for the best part of a week, and the Course itself was opened by the Vice-Chancellor of the University. I was not able to be present myself, but I am glad to have received reports which indicated without any doubt that those who attended took the work very seriously, and received considerable benefit. In addition, the Course had the advantage of stimulating *esprit de corps* amongst the members, and valuable professional friendships. I have to thank the senior members of the Society who gave their time to be in Cambridge and delivered lectures, and to all those who in many ways contributed to the success of this venture.

#### COMPANY LAW AND ACCOUNTS.

My predecessor last year gave his views at some length in regard to Company Law and the statement of Company Accounts. I do not propose to enlarge

upon that topic, because it is one to which my friend, Mr. Henry Morgan, has continually addressed himself, and in which his zeal never flags. I would, however, say this, that in regard to those reforms advocated by the Society in 1932, some have felt that the time was not ripe for the reconsideration of Company Law. It is clear, however, that with the passage of time and the quickening of the tempo of our economic and business life, the need for revision of commercial law must become more insistent and more frequent as time goes on. Thus I believe that we are moving to a position where H.M. Government may feel the need at least for enquiring again into the question of Company Law and accounts. It is not necessary for me to remind you of the enormous extent to which the commercial and industrial activities of this country are carried out under the protection and under the facilities offered by the Companies Acts, and thus the question of the law relating to and the form of company accounts must remain a live subject, both to the investing public and to the accountancy profession.

#### INCOME TAX AND SUR-TAX.

If most of us are reconciled to the obligations imposed by the Chancellor of the Exchequer and thankful for the relief in income tax afforded in 1934 and 1935, a standard rate of 4s. 6d. in the pound, with a high rate of sur-tax, is a level which must adversely affect both spending power and capital developments. This, however, is not a cause for complaint, because we realise the serious obligations of the country to considerable sections of the population who are still unhappily affected by economic circumstances. Even though in London we are comparatively fortunate, I should like to remind our friends from other parts of the country that we are conscious of the magnitude of the problems which the distressed areas present. Organisation and thought and sympathy will go a long way, but it is quite clear that any constructive solution of the distressed area problem must cost money. On the other hand, I cannot fail to be impressed with the fact that the measure of relief in income tax afforded by the Chancellor in 1934 undoubtedly had a stimulating effect upon trade and industry, and indeed reflected itself in the revenue which the Chancellor derived from that and other valuable sources. It is not a matter of speculation to say that income tax and sur-tax are likely to be with us always, and this fact is of importance to the accountancy profession. As time goes on the equitable adjustment of income tax becomes more and more complicated. True, we have left behind the onerous responsibilities which the excess profits duty brought to our profession, as well as to the business community, but the combined effect of complicated legislation and judicial decisions tends to make the settlement of income tax assessments increasingly difficult each year. This is hardly to be wondered at when I remind you that the present basis of income tax practice is the Income Tax Act of 1918, together with a number of amendments imposed by subsequent Finance Acts and numerous judicial decisions. In 1927 a Committee was

appointed to consider the codification of income tax law. Those of us familiar with income tax practice will not be surprised that the labours of that Committee have been as protracted as they have been difficult. But I consider that some codification of the law relating to income tax would be welcomed by the accountancy profession, upon whom falls the main burden of representing the taxpayer in his relations with the Board of Inland Revenue. While we have no monopoly of this particular class of work it is undoubtedly true that the main portion of the work falls to the accountancy profession, the members of which regard it as one of their chief responsibilities. The time will come, if it has not yet arrived, when a number of members in the profession will be regarded by their professional brethren as consultants, from whom special advice may be obtained by them on behalf of their clients in more complicated and serious income tax problems. In the meantime I acknowledge the confidence both of the public and of the Board of Inland Revenue in the accountancy profession in relation to income tax and sur-tax.

I should like to call your attention to the important appointment of Mr. Henry Morgan as a member of the German Debts Committee on the nomination of the Association of British Chambers of Commerce. The confidence of the Association in Mr. Morgan is shared by his colleagues in the Society.

I do not propose to refer in any detail to the accounts, except to congratulate the Finance and General Purposes Committee on the surplus for last year. No doubt in their wisdom they had some regard for the additional expenses which have been sustained in the current year in connection with the Fiftieth Anniversary. The policy of the Council in redeeming outstanding debentures of the Society as opportunity affords is one which is in accordance with the best financial practice, though scarcely comforting to debenture-holders.

#### SOUTH AFRICA.

The Parliamentary Commission of enquiry into the organisation of the accountancy profession in South Africa, appointed by His Excellency the Governor-General, has not yet made its report, but in the meantime the Council are obliged to the three Committees in South Africa for the arrangements made enabling the views of the Society to be placed before the Commission through the South African Branches, who, after seeking the advice of the Council in London, kept the Council informed of the steps which they proposed to take.

#### THE GOVERNMENT OF INDIA BILL.

During the Second Reading of the Government of India Bill in the House of Commons the attention of the Council was given to the clause having for its object the protection of those holding British professional qualifications. The Council approached the question from the standpoint of members who carry on the profession of accountant in India, or who may wish to do so in future. The clause as

originally drafted left some element of doubt as to the future position, and this view was also shared by other professional bodies. At the Committee stage the Government accepted certain amendments to the clause in question, which in our view provided the necessary and reasonable safeguards to Incorporated Accountants, without infringing the main principles of the Government of India Bill.

To-day I relinquish my Presidential office, but this does not terminate my interest in and zeal for the Society, whose status never stood higher than it does to-day. I have to express my gratitude to my Vice-President and all my colleagues for the able support that they have given to me. Although I am speaking as the President for the time being, the work of the Society covered by the report was carried out under the leadership of Mr. Cassleton Elliott and Mr. Wilson Bartlett. Mr. Cassleton Elliott and Mr. Wilson Bartlett occupied the offices of President and Vice-President during the whole of 1934, and very generously placed the offices at the disposal of the Council for the Fiftieth Anniversary celebrations. I am going to anticipate the resolution which it will be my pleasure to move later in the proceedings, by a reference to the zeal and ability with which Mr. Cassleton Elliott has discharged the office of President for the greater part of three years, to the complete satisfaction and with the entire goodwill of his friends in the Society. New ideas and new problems have alike received his thought and his power of accomplishment, with the sole purpose of the advancement of the interests of the Society.

Whilst I regret that some of my senior colleagues are not able, by reasons of health, to be present to-day, I know they will share my strong conviction that the future of the Society will be safely guided by the able young men who have taken or are about to take office, and all those more junior members who have already shown in a number of ways their keen interest in the Society's policy. The Society in its history of fifty years has encountered many problems, and settled some of them with a marked degree of success. What form the accountancy profession in the future may take it is not for me to say, but I am convinced that its problems will be studied in an atmosphere of good will, and that as far as Incorporated Accountants are concerned the future must depend upon the character and attainments of those whom the Society may attract to its membership.

I now have pleasure in moving that the report of the Council and the accounts for the year 1934 be adopted, and I will ask Mr. Nelson to second the motion.

Mr. C. HEWETSON NELSON (Vice-President), in seconding, asked that the following matters should be referred to in the record of that day's proceedings. The gift by Sir James Martin of the Presidential Badge, which they would see Sir James wearing that day; also the gift of old silver by Sir James, Mr. Frederic Walmsley, Mr. Henry Morgan, and the late Mr. George Stanhope Pitt.

The PRESIDENT then declared the motion for the adoption of the report and accounts open for discussion.

#### Discussion.

Mr. C. M. DOLBY (Liverpool) said they could reasonably regard the report as a singularly uncontroversial document. That being so, he did not intend to do more than refer to one matter which was not mentioned in the report, but which had attracted some attention in the professional journals—he referred to the establishment quite recently of a Research Committee. From the constitution of that Committee he was persuaded that good work would be performed on behalf of the profession generally, and that the results to be achieved by the Committee would be of extraordinary interest to members of the profession. With regard to the accounts, he had just one comment to make, and that was one of congratulation with respect to the item Hire of Rooms. Looking back over a period of six years he noticed that that item had increased from £66 to £471, and they saw from their newspapers every morning that meetings were being held in their Hall nearly every day. He thought that was a matter upon which those responsible should be very heartily congratulated. He would not like the meeting to develop into a mutual admiration society, but he did think that this fiftieth anniversary called for some congratulations from the more senior members of the Society. He agreed with the sentiments expressed in the following lines:—  
"If he earns your praise—bestow it;

If you like him let him know it,  
Let the words of true encouragement be said;  
Don't wait till life is over and he's underneath the clover,  
For he cannot read his tombstone when he's dead."

(Applause.) There were three gentlemen to whom he wished particularly to refer. The first was the immediate Past President, Mr. Cassleton Elliott. Many years ago in Liverpool Mr. Cassleton Elliott described an Incorporated Accountant as one who had the instinct of a ferret and the tenacity of an octopus. (Laughter.) Now that he knew Mr. Cassleton Elliott so well he thought he must have been describing himself. During his period of office he had displayed untiring energy and dauntless courage. Their President had already referred to the Post-Graduate Course at Cambridge, and in that connection he (Mr. Dolby) would like to express, on behalf of the members of the Society who attended that Course, their very cordial thanks to Mr. and Mrs. Cassleton Elliott for a wonderful afternoon spent at their residence. With regard to Sir James Martin, would that he had the eloquence to say all he would like. The younger members of the profession did not understand, and he did not think they ever could, the enormous debt of gratitude they owed to Sir James Martin. By his life work he had established for the younger members a fortification and a heritage which they would find of inestimable value during the whole course of their professional careers. As to Mr. Hewetson Nelson, the Vice-President of their Society, he could best be described as a gentleman who had the foresight of an Old Testament prophet. (Laughter.) During the past quarter of a century Mr. Hewetson Nelson had rendered yeoman service to the members of their Society. He (Mr. Dolby) was speaking now as a member of the Society who appreciated and understood that the older members of the Council had borne the heat and burden of the day. To those older members of the Council he wished to tender the most sincere thanks of the younger

members of the Society. During the last fifty years the affairs of the Society had been ably and wisely conducted, and he only hoped that in the future they would have on the Council as wise heads and sound counsels as had prevailed in the past.

Mr. PERCY WALKER (Cardiff), speaking as a junior member of the Society, said he wished to add his mead of praise to the executive. Judging from past reports there had been room for a certain amount of criticism, and he had himself had the temerity to get up and criticise the accounts. He was indeed hoping to have a chance of doing so that day when he saw the big balance of £3,900 that was being carried forward. He was going to ask why that balance had not been used for the benefit of the District Societies, but after Sir James Martin's explanation that, owing to the expenditure in the Jubilee year, the Council thought it wise to keep a substantial balance in hand, there was nothing more to say. They had had a wonderful year and the Society had been splendidly served, both by the President and Vice-President who had held office up to the time when Sir James assumed the Presidency.

Mr. HALVOR PIGGOTT (Manchester) said that, as another junior member, he wished to add his mead of praise to the Council not only for the very admirable report, but for the excellent state of the accounts. It was no mean achievement, even in these times of what he hoped he could describe as increasing prosperity, to find that they had a surplus of £3,900. No doubt the Council had in mind excellent schemes for the utilisation of that sum of which the members of the Society knew nothing at the moment. What he thought was interesting was the way in which that surplus had been achieved, namely, £787 or thereabouts in increased income and over £1,300 in decreased expenses. Of course a large part of that was due to the non-recurring item of Congress Expenditure, but there were other savings which aggregated a considerable amount. There was one other matter which must give them all cause for satisfaction, and that was that, owing to economies in the production of the Journal, it had not only been possible to show a surplus on that account of £140, against £17 in the previous year, but the Journal had contributed an additional £150 towards the office expenses of the Society. He had a suggestion to make, but he could not claim originality for it. It was brought to his notice by a member in Manchester, who had asked him to bring it before the Council. It was in regard to the Year Book. The point put forward to him was this, that in many firms there were several partners, each of whom received a copy of the Year Book, and some of them, he was informed, never even took the wrappers off the books. The suggestion was that partnership firms might be circularised to enquire whether they wished to have a copy of the Year Book for every member of the firm, or whether they would be satisfied with one copy. His friend who told him this thought that the Council might save the issue of a good many Year Books which doubtless could be utilised for greater publicity elsewhere.

Mr. WILLIAM A. NIXON (Manchester) said he had nothing but praise for the accounts and report. There were, however, one or two suggestions that he would like very briefly to put forward for the consideration of the Council. The first was the provision of branch headquarters in some of the great cities of the country. If the Society had branch headquarters at Liverpool, Manchester, Birmingham and Cardiff, and various other cities or towns,

he thought it would be an excellent thing; it would provide a central meeting-place, a place in which to keep their libraries, and it would do much to increase the already high status of the Society. His next point was that in 1936 they would be holding the fiftieth anniversary of the Manchester Branch, and he hoped they would have the support of the Council on that occasion; they were particularly anxious to have members present from all over the country.

Mr. G. F. RICHARDSON (London) remarked that it was very pleasing to see that the younger men had come to the meeting with heads full of figures and brains full of suggestions. The question of income tax and sur-tax had bulked very largely in their considerations for some time past. If it were not for direct taxation some of them would not be so busy as they were. He wished to join with others in congratulating the members of the Council on the present position of the Society.

Mr. H. Basil SHEASBY (London) said he had been a member of the Society for just over a year, although a member of the Institute of several years. He would like to express his appreciation of the Course at Cambridge. He went there alone, knowing no one, but the result of that visit was that he came back knowing quite a large number of Incorporated Accountants throughout the country, and he had since found that whenever he went to a meeting of Incorporated Accountants he was among friends. He wished to thank the President (Sir James Martin) for his reference to Mr. Woodington, who was the senior partner in his firm, and he was sure his other partners would also appreciate that reference.

Mr. D. MAHONY (London) remarked that someone had said that this had been a wonderful year for the Society. It certainly had for some of them. Two events had distinguished it—the Course at Cambridge and the Jubilee. They could not have another Jubilee, but they might hope to have some more Courses at Cambridge. They were very useful to members, and he hoped they would become an annual institution. They had been congratulating themselves on having been in existence for fifty years. Thanks to Sir James Martin and others, during that period the Society had built up a very high standard and given honour to the designation of Incorporated Accountants. But there were many people who were allowed to call themselves accountants without possessing the necessary qualifications, and the existence of those people was a danger and would constitute a problem in the future. He respectfully suggested that the sooner registration came about the better. It might be that they would have to give way to the people to whom he had referred, but the sooner they were admitted the sooner would they die out and the profession would then be clean. Last year he drew attention to the necessity for altering the Deeds of Arrangement Act, and he would like an assurance that the Council had not lost sight of the points he raised at that time. He had suggested that something might be done in the direction of getting a standard set of allowances to trustees under such deeds, so that when they were appointed by creditors and had to undertake the duties they could not be penalised by having to pay out of their own pockets expenses which had to be incurred.

The PRESIDENT said he would first deal with the point raised by Mr. Mahony respecting the Deeds of Arrangement Act. He was sorry he did not have that point more prominently before him when some years ago he sat on

the Bankruptcy Committee. But the Board of Trade always showed itself hostile with regard to any alterations of that character. He could promise Mr. Mahony, however, that a note would be taken of it, and further consideration would be given by the Council to the point he had raised. With regard to registration, he was afraid that for the time being nothing practical could be done. The policy of the Society was put forward and the Government appointed a Committee to enquire into the whole matter, but that Committee—which was under the chairmanship of Lord Goschen—reported against any action being taken. It was unfortunate, but there were other ways of approaching the same problem, and the Council had always got it in front of them. He wished to thank Mr. Dolby, of Liverpool; Mr. Walker, of Cardiff; and Mr. Halvor Piggott, of Manchester, for their very kind observations, and also for what they had said about the Research Committee and the Course at Cambridge. As he had said in his address, he was not at Cambridge himself, but he thought it was one of the most valuable pieces of work ever done by the Society; and full recognition must be given not only to Mr. Cassleton Elliott, but also to Mr. Bertram Nelson, of Liverpool, on whose suggestion it was that the Council acted at that time. There were very few criticisms to which he had to reply. Mr. Halvor Piggott had said he thought there was a certain amount of, should he say extravagance, in the way the Year Book was circulated through every partner in a firm receiving a copy. Well, he (Sir James) would suggest to partners in those firms that the best thing they could do for the Society was to take the wrapper off and hand the Year Book over to a solicitor or to someone who could influence business for Incorporated Accountants. After all, the book was not circulated merely for the convenience of members of the Society. Mr. Garrett sent out thousands of copies to other people, and they would be very glad of suggestions which would enable the circulation to be increased. But if it were desired that they should stop sending more than one copy to a firm, it would be necessary to alter the Articles of Association of the Society, because it was laid down there that every member was entitled to a copy of the Year Book, and he thought that if they began to discriminate there would be a great deal of trouble. He was sure they were all very glad to hear that the Manchester District Society would attain its Jubilee, year in 1936—next February—and he was quite certain that the coming President of the Society and the Council would give that matter every consideration and would do their best to support the Manchester Society in that connection. He must remember two of his old colleagues, Mr. Frederic Walmsley, of Manchester, who was probably the senior member of the Society in point of years, and who had been laid aside by illness for some time; and also the Honorary Secretary of the Manchester Society, Mr. Arthur E. Piggott, the father of the gentleman who had addressed them, who had been ill but was happily now improving, and, he hoped, would be able to carry out his ambition of being Hon. Secretary of the Manchester Society at its fiftieth anniversary celebration.

The resolution was then put to the meeting by the President and carried unanimously.

The PRESIDENT said he had formally to move—and he did not think it was necessary to say anything more on the matter—the following resolution: That the contribution by the Council of three hundred guineas from the accumulated funds of the Society of Incorporated

Accountants and Auditors to King George's Jubilee Trust be and is hereby confirmed.

Mr. C. HEWETSON NELSON seconded the resolution, and it was carried unanimously.

Sir THOMAS KEENS proposed: That the following retiring London members of the Council be re-elected members of the Council in accordance with the provisions of Article 49: Mr. Henry John Burgess, C.C., Sir James Martin, J.P., and Mr. William Henry Payne. No words of his, he said, were necessary in moving that resolution. The services of the gentlemen named were known to every one of the older members, and, he believed, to the majority of the younger members also.

Mr. R. A. WITTY said he had much pleasure in seconding the resolution.

The resolution was carried unanimously.

The PRESIDENT said that, as Mr. Burgess's name came first, he would ask him to acknowledge the resolution.

Mr. HENRY J. BURGESS said that, on his own behalf and on that of the other two gentlemen whom they had re-elected that day, he wished to thank the meeting. He could assure them that they would continue to do their very best in the interests of the Society, and if at any particular time members had any motion or matter that they wished dealt with, if they would let them know, they would do their best to bring it before the full body of the Council.

Mr. E. CASSELETON ELLIOTT said he had much pleasure in proposing: That the following Provincial Members of the Council be re-elected members of the Council in accordance with the provisions of Article 49: Mr. Ralph Macaulay Branson, Mr. Duncan Edward Campbell, Mr. Charles Hewetson Nelson, J.P., Mr. Arthur Edwin Piggott, Mr. Arthur Herbert Walkey, and Mr. Ralph Thomas Warwick.

Mr. WALTER HOLMAN formally seconded the resolution, and it was carried unanimously.

Mr. J. G. HUGGINS proposed the re-election of Mr. Arthur Henry Hughes, Incorporated Accountant, London, and Mr. Alexander Hannah, Incorporated Accountant, Liverpool, as auditors of the Society, at the same remuneration as in previous years.

The motion was seconded by Mr. J. LINAHAN (London), and carried unanimously.

Mr. A. H. HUGHES thanked the meeting on behalf of Mr. Hannah and himself for the renewal of their confidence. He said he had received a letter that day from Mr. Hannah stating that it was the first time for fifteen years he had missed a meeting of the Society, but it was due to circumstances entirely beyond his control.

#### THANKS TO MR. CASSELETON ELLIOTT.

The PRESIDENT said he had now a resolution to propose, and he was sure that if he did not put it to the meeting the members would never forgive him. He was going to ask Mr. Hewetson Nelson in due course to second it. The resolution was in the following terms:—

That the members accord to Mr. Edward Cassleton Elliott, F.S.A.A., their sincere and hearty thanks for the valuable services rendered by him as President of the Society during the three years 1932 to 1935.

The Society desires particularly to record its appreciation of Mr. Cassleton Elliott's work in connection

with the Incorporated Accountants' Course held at the University of Cambridge in 1934, and as Chairman of the Committee having charge of the arrangements for the celebration of the Fiftieth Anniversary of the Society in 1935.

It was proposed to inscribe that resolution and present it to Mr. Cassleton Elliott. He hoped Mr. Cassleton Elliott would not say anything in the way of thanks to him (the President) in reply. He had been delighted with Mr. Cassleton Elliott's Presidency of the Society. He first knew him as an articled clerk to his old friend Mr. Ebenezer Carr, one of the first Presidents of the Society. He did not know Mr. Cassleton Elliott at school—he was too young for that—but they were both educated at the same school. After Mr. Elliott had finished his articles he went out to South Africa and there gained most valuable professional experience before returning again to London. When he had been in London a few years he established his own practice, and to-day they could regard him as one of the leading practitioners in the City of London. His whole work for the Society had been dictated by a course of unselfishness and striking ability, and it afforded him (the President) the greatest possible pleasure to acknowledge the many services Mr. Cassleton Elliott had rendered to the satisfaction of all. (Applause.)

Mr. C. HEWETSON NELSON said he was not going to multiply words, but simply and sincerely to pay his tribute as one who had been associated with Mr. Cassleton Elliott for a number of years, and particularly during his period of office as President of the Society and throughout that remarkable Course at Cambridge. He could say without fear of contradiction that no man had served the Society in the Presidential office better than Mr. Cassleton Elliott.

The resolution was carried with acclamation.

Mr. E. CASSELETON ELLIOTT said it was a little difficult to know exactly what to say, except simply to thank them, but he would like to explain the position so far as the President and Mr. Nelson were concerned. Mr. Wilson Bartlett and he were elected unanimously by the Council to the positions of President and Vice-President respectively for a period of one year. As time advanced they realised that the fiftieth anniversary celebrations were coming on, and, after discussing the matter, they came to the conclusion, without any difficulty whatever, that for the Presidency and Vice-Presidency on that occasion there were only two men who could fill the offices properly. That being so, they persuaded the Council that that was a proper course to take, and then they persuaded Sir James Martin, by devious ways which he had explained previously, to take the chair and Mr. Nelson to take the Vice-Chair. They had had to persuade those gentlemen, because they said "The positions are yours and it is for you to continue." But he thought members of the Society would agree that it was not only their duty, but also their privilege to act as they had done, and they were very happy to have done so because they had thereby enjoyed the Jubilee functions far more than they would otherwise have done. For what he had been able to do for the Society during the past few years he could only say that he had been pleased to be of some service to a Society which had assisted him so much. He was pitchforked into accountancy at the outset of his career. He had the choice of two or three different things, but he

thought he had better remain an accountant. Soon afterwards he met Sir James, and, as he had said, there was a bond between them—having been educated at the same school. That bond had never been broken, and it had helped him very materially. All he could say was this, that he had thoroughly enjoyed his period of office as President, and if he had been able to be of service to the members of the Society, particularly to the younger members, he was perfectly satisfied. So far as the future was concerned, if he could in any way be of further service to them he would be only too happy, but after to-day he would retire into the background, at least for some considerable time. There was at the bottom of the agenda an item "Vote of thanks to the President." He was going to say in one word to Sir James Martin that they were very happy to have had him in the chair that day, and they warmly thanked him for conducting the meeting and for his assistance during the Jubilee festivities. Sir James said that he had done very little, but he had been an inspiration to them all. And when he would not agree to anything they proposed, all they had to do was to persuade Lady Martin to use her influence. (Laughter.) And, that being so, they hoped Sir James would convey their thanks to Lady Martin also. (Applause.)

The vote of thanks was carried by acclamation.

The PRESIDENT said he knew the meeting would bear him out that he had said he would propose a vote of thanks to Mr. Cassleton Elliott on condition that he did not thank him in return, but as he had thanked his wife also, he would forgive him and convey the message of thanks to her.

### 50th ANNUAL REPORT.

The Council have pleasure in submitting to the members their 50th Annual Report and the accounts of the Society for the year 1934.

#### MEMBERSHIP.

During the year 1934, 329 new members were admitted to the Society, and 51 Associates were advanced to Fellowship, as follows:—

#### NEW MEMBERS.

England and Wales	..	..	283
Scotland	..	..	6
Ireland	..	..	9
India	..	..	12
South Africa	..	..	14
East Africa	..	..	1
Egypt	..	..	1
Kenya Colony	..	..	2
United States	..	..	1
<b>Total</b>	<b>..</b>	<b>..</b>	<b>329</b>

#### ASSOCIATES ADVANCED TO FELLOWSHIP.

England and Wales	..	..	45
India	..	..	2
South Africa	..	..	4
<b>Total</b>	<b>..</b>	<b>..</b>	<b>51</b>

The figures for the past three years are:—

	1932.	1933.	1934.
New members elected	..	338	327
Associates elected Fellows	..	43	65

The total number of members on December 31st, 1934, was 6,384, and consisted of 1,487 Fellows, 4,894 Associates, and 3 honorary members: Three Fellows held rank as Honorary members.

The figures for the past three years are:—

	1932.	1933.	1934.
Fellows	..	1,449	1,471
Associates	..	4,458	4,677
Hon. Members	..	3	3
	<b>5,910</b>	<b>6,151</b>	<b>6,384</b>

#### OBITUARY.

During the year 1934 notification of the deaths of 56 members (25 Fellows and 31 Associates) was received with regret.

The Council regret to record the death of Mr. Arthur Edwin Woodington, who was President of the Society from 1916 to 1919, and of Mr. George Stanhope Pitt, who was President of the Society from 1923 to 1926.

Mr. Woodington and Mr. Pitt were held in high regard, and ably served the Society in presidential office and as members of the Council.

#### PRESIDENT AND VICE-PRESIDENT.

At a meeting of the Council held in May, 1934, Mr. Edward Cassleton Elliott, London, was re-elected President, and Mr. Richard Wilson Bartlett, Newport, Mon., Vice-President of the Society.

#### EXAMINATIONS.

The number of candidates at the Preliminary, Intermediate and Final examinations was 2,006, of whom 976 passed and 1,030 failed.

The following are the comparative figures for the past three years:—

Year	FINAL			INTERMEDIATE			PRELIMINARY		
	No. of Candidates	Passed	Failed	No. of Candidates	Passed	Failed	No. of Candidates	Passed	Failed
1932	674	49%	51%	985	51%	49%	337	54%	46%
1933	730	46%	54%	947	46%	54%	273	54%	46%
1934	794	44%	56%	973	50%	50%	239	51%	49%
<b>Total</b>	<b>2,198</b>	<b>1,033</b>	<b>1,165</b>	<b>2,905</b>	<b>1,422</b>	<b>1,483</b>	<b>849</b>	<b>453</b>	<b>396</b>
		47%	53%		49%	51%		53%	47%

#### PRIZES AND HONOURS CERTIFICATES.

Prizes and Honours Certificates were awarded to the following candidates:—

#### FINAL EXAMINATION.

##### 1st Certificates of Merit—

\*Langton, Arthur Edward, LL.B.(Lond.), London (May, 1934).

Morgan, Geoffrey, London (November, 1934) (Prize).

##### 2nd Certificates of Merit—

Bailey, Derek Oswald, London (May, 1934) (Prize).

{Uren, Ernest Charles, Plymouth (November, 1934).

{Meeser, Ronald Dudley, Johannesburg (November, 1934).

NEW BADGE FOR THE PRESIDENT OF THE SOCIETY



The Badge is in 18-ct. gold. In the centre is an enamelled shield bearing the Society's Arms. This is surrounded by a filigree of roses representing the Roses of England. Below the shield and superimposed across the lower part of the rose surround is an enamelled ribbon which carries the Society's motto "Fides atque integritas."

Above the shield is a niche in which is a figure of a Scribe—the Crest of the Society—also in enamel. The whole is suspended from an ornamental loop through which passes a blue ribbon—blue being the Society's colour.

On the back of the Badge is engraved "Presented by James Martin, Jubilee President 1935."

It was designed and made by Mr. Harold Stabler.

JUN 14 1955

The Joseph Schaffner  
Library of Commerce

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*3rd Certificates of Merit—*

Cocks, William Harry Greenfield, Maidstone (May, 1934) (*Prize*).  
 Marshall, Arthur Hedley, B.Sc., London (November, 1934).

*4th Certificates of Merit—*

Wilson, Arthur, Leeds (May, 1934).  
 Davies, Alex. Ferris, London (November, 1934).

*5th Certificate of Merit—*

Pavri, Noshir Jamshedji, B.Com., Bombay (November, 1934).

*6th Certificate of Merit—*

Heaton, James Stanley, Keighley (November, 1934).  
 \* Disqualified for prize by age limit.

## INTERMEDIATE EXAMINATION.

*1st Place Certificates—*

Sinnott, Ernest, Middleton (May, 1934) (*Prize*).  
 { Oubridge, Edwin Bertram, London (November, 1934) (*Prize*).  
 { Ross, Robert George, Kimberley, S. Africa (November, 1934) (*Prize*). }

*2nd Place Certificates—*

{ Keene, Ronald Wallace, London (May, 1934).  
 { Dey, James Scott Davidson, Johannesburg (May, 1934).  
 { Jones, Leonard John Dennis, London (November, 1934) (*Prize*).  
 { Eliasov, Ellia, Bloemfontein (November, 1934) (*Prize*). }

*3rd Place Certificates—*

MacKerrell, John Alexander, Dundee (May, 1934).  
 Young, Samuel Arthur John, London (November, 1934).

*4th Place Certificates—*

Methold, Reginald Clifford, Worthing (May, 1934).  
 Robinson, Frederick William John, London (November, 1934.)

*5th Place Certificates—*

Macrae, Duncan Charles, Birmingham (May, 1934).  
 { Margetts, John William, London (November, 1934).  
 { Ward, Arthur Douglas, London (November, 1934). }

*6th Place Certificate—*

Rushforth, William Edward, Wigan (May, 1934).

*7th Place Certificates—*

Kirkland, William, Glasgow (May, 1934).  
 Proctor, Colin St. Clair, London (November, 1934).

*8th Place Certificate—*

Sproson, Wilfred Clarence, Wolverhampton (May, 1934).

## PRELIMINARY EXAMINATION.

*1st Place Certificates—*

Hollings, Percival Albert, Cambridge (May, 1934) (*Prize*).  
 Shackcloth, Harold, London (November, 1934).

*2nd Place Certificate—*

Stovold, Norman, London (May, 1934).

*3rd Place Certificate—*

Donnelly, Edward Vincent, Chester (May, 1934).

*4th Place Certificate—*

Richardson, John Edgar, Belfast (May, 1934).

## MEDALS.

The Society's Gold Medal for 1934 was awarded to Mr. Geoffrey Morgan, London, who was placed first in order of merit in the Final examination in November, 1934. A Silver Medal was awarded to Mr. Derek Oswald Bailey, London.

## HONORARY MEMBERSHIP.

The Council conferred upon Sir Stephen Killik, F.S.A.A., the Honorary Membership of the Society upon his election as Lord Mayor of London. The President, on behalf of the Council, also presented to Sir Stephen Killik an Address of Congratulation on Lord Mayor's Day, November 9th, 1934.

## FIFTIETH ANNIVERSARY CELEBRATIONS.

The Council made arrangements for the Fiftieth Anniversary Celebrations of the Society to be held in London on April 3rd, 4th and 5th, 1935. The Lord Mayor and Lady Mayoress kindly undertook to receive the members at the Mansion House, and the Corporation of London placed Guildhall at the Society's disposal for a dinner.

In anticipation of the Fiftieth Anniversary, Mr. E. Cassleton Elliott and Mr. R. Wilson Bartlett placed in the hands of the Council early in 1935 their resignations as President and Vice-President respectively. The Council expressed to Mr. E. Cassleton Elliott and Mr. R. Wilson Bartlett the obligations of the Society for their valuable services, and for their action in vacating office in advance of the prescribed date. An invitation was extended to Sir James Martin to be the President of the Society for the Fiftieth Anniversary Celebrations and to Mr. C. Hewetson Nelson to be the Vice-President, and the invitations were accepted. Resolutions for their election to office were accordingly adopted by the Council in accordance with the Society's Articles.

## INCORPORATED ACCOUNTANTS' COURSE, CAMBRIDGE.

By kind permission of the Master and Fellows, a short Course in professional subjects was given at Gonville and Caius College in July, 1934, and was opened by the Vice-Chancellor of the University of Cambridge. Attendance at the Course was limited to Incorporated Accountants of not more than ten years' seniority, and about 150 members participated. The experiment proved an unqualified success. The Council have communicated their thanks to the College for the facilities afforded.

## SOUTH AFRICA.

His Excellency the Governor-General of South Africa appointed a Commission to enquire into the organisation of the accountancy profession in South Africa. The terms of reference to the Commission were to report and advise whether a Register of Accountants should be established, and, if so, by what method such Register should be controlled. Arrangements were made for the views of the Society to be placed before the Commission through the South African Branches. The Commission was continuing its sittings at the end of 1934.

## BRANCHES AND DISTRICT SOCIETIES.

The year was marked by progressive activity amongst the Branches and District Societies, and the President and Vice-President made official visits throughout the country.

A District Society for members in Devon and Cornwall has been constituted and approved.

## DISCIPLINARY COMMITTEE.

Upon a report being made by the Disciplinary Committee, an Associate was excluded from the membership of the Society.

## EXAMINERS.

Mr. L. R. Pears, M.A., M.Sc., was appointed Examiner for the Preliminary examination, the vacancy having been created by the regretted death of Mr. E. T. Allen, M.A., who had held that appointment for a long period.

## DEBENTURES.

A further £5,000 of the debentures of the Society were drawn for redemption, and were repaid on December 31st, 1934. The original issue, made to members in July, 1928, in connection with the acquisition of Incorporated Accountants' Hall, amounted to £70,000, and, as a result of redemptions effected in accordance with the Trust Deed, the amount outstanding on December 31st, 1934, was reduced to £58,000.

## COUNCIL.

The following members of the Council retire under the provisions of Article 49, and, being eligible, offer themselves for re-election:—

*London.*

Mr. Henry John Burgess, C.C.  
Sir James Martin, J.P.  
Mr. William Henry Payne.

*Provinces.*

Mr. Ralph Macaulay Branson.  
Mr. Duncan Edward Campbell.  
Mr. Charles Hewetson Nelson, J.P.  
Mr. Arthur Edwin Piggott.  
Mr. Arthur Herbert Walkey.  
Mr. Ralph Thomas Warwick.

## AUDITORS.

The retiring Auditors are Mr. Arthur Henry Hughes, London, and Mr. Alexander Hannah, Liverpool, each of whom offers himself for re-election.

## ACCOUNTS.

The audited accounts of the Society for 1934 are annexed to this Report.

JAMES MARTIN,

*President.*

C. HEWETSON NELSON,

*Vice-President.*

ALEXANDER A. GARRETT,

*Secretary.*

Incorporated Accountants' Hall,  
London, W.C.2.

March 22nd, 1935.

Dr.		REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31ST, 1934.								Cr.			
		EXPENDITURE.								INCOME.			
		£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
To Salaries .. .. .					6,081	15	10	By Subscriptions .. ..			17,875	14	6
„ Rates .. .. .		704	6	0				„ Entrance Fees—					
„ Insurances .. .. .		131	9	1				51 Fellows .. .. .			267	15	0
„ Housekeeper, Lighting, Telephone, &c. . . .		822	2	4				329 Associates .. .. .			3,454	10	0
					1,657	17	5				3,722	5	0
„ Travelling Expenses ..		827	0	11				„ Examination Fees .. ..			6,494	5	0
„ Stationery and Printing, including Year Book ..		2,280	1	10				„ Dividends on Investments and Bank In- terest (Gross) .. .. .			768	11	7
„ Postages and Telegrams ..		373	4	9				„ Sundry Fees .. .. .			439	17	3
„ Legal and Parliamentary Expenses .. .. .		67	0	8				„ Hire of Rooms .. .. .			471	1	0
„ Advertisements .. .. .		866	0	0				„ Contribution from London and District Society for Secretarial and Office Ex- penses .. .. .			500	0	0
„ Subscriptions to Chambers of Commerce .. .. .		82	8	6				„ Contribution from <i>Incorporated Account- ants' Journal</i> towards Office Expenses			350	0	0
„ Auditors' Fees and Ex- penses .. .. .		69	19	6									
„ Miscellaneous Expenses ..		675	6	3									
„ Decorations and Repairs ..		121	1	10									
					5,362	4	3						
„ Expenses of Examinations and Prizes .. .. .					4,062	14	8						
„ Grants to Branches and District Societies .. ..					4,121	9	0						
„ Additions to Library ..					138	11	11						
„ Depreciation of Furniture, &c. .. .. .					228	3	2						
„ Cambridge Course .. ..					359	3	8						
„ Debenture Interest (Gross)					3,150	0	0						
„ Reserve for Redemption of Debentures :— Annual Instalment and Interest .. .. .					1,543	8	5						
„ Balance, being surplus of In- come over Expenditure for the Year .. .. .					3,916	6	0						
					£30,621	14	4				£30,621	14	4

Dr.

## BALANCE SHEET, AS AT DECEMBER 31ST, 1934.

Cr.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Mortgage Debentures ..	58,000	0	0	Freehold Property—Incorporated Accountants' Hall, at Cost, less amounts written off .. .. .	100,000	0	0
Sundry Creditors .. ..	5,565	12	8	Furniture and Fittings at Cost, less amounts written off .. .. .	3,878	14	9
Subscriptions and Fees received in advance .. ..	1,205	15	4	Library at Cost, less amounts written off ..	300	0	0
Reserve for Debenture Redemption—				Investments at Cost—	£	s.	d.
Balance from 1933 .. ..	7,348	0	9	£6,000 Os. Od. 4½% Conversion Stock 1940-44 ..	5,461	13	3
Annual Instalment and Interest .. .. .	1,543	8	5	£6,500 Os. Od. 4% Funding Stock 1960-90 ..	5,878	7	6
			8,891	9	2		
Accumulated Fund—				£3,000 Os. Od. 3½% Conversion Stock .. ..	2,976	5	8
Balance at December 31st, 1933 .. .. .	46,947	11	7	(Market Value of Investments, December 31st, 1934, £17,422 10s. Od.)	14,316	6	5
Surplus for 1934—							
General Account .. ..	3,916	6	0	Gifts—			
Journal Account .. ..	140	19	3	£400 Os. Od. 5% Society of Incorporated Accountants and Auditors' Debentures ..	400	0	0
	51,004	16	10	Sundry Debtors and Dividends accrued ..	836	3	4
Less Amount Written off				Cash at Bank and in Hand .. .. .	3,981	12	5
Freehold Property .. ..	954	17	1				
			50,049				
JAMES MARTIN,							
President.							
C. HEWETSON NELSON,							
Chairman of Finance Committee.							
March 22nd, 1935.							
	£123,712	16	11		£123,712	16	11

## AUDITORS' REPORT TO THE MEMBERS.

We report to the members that we have examined the foregoing accounts together with the books of the Society and the vouchers relating thereto, and have verified the Investments and Cash Balances. We have obtained all the information and explanations we have required, and in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Society's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Society.

ARTHUR H. HUGHES, } Incorporated  
ALEXR. HANNAH, } Accountants,  
Auditors.

LONDON, April 10th, 1935.

## INCOME TAX ALLOWANCES ON PLANT AND MACHINERY.

The Association of British Chambers of Commerce has given notice to move an additional rule applicable to Cases I and II of Schedule D, concerning allowances in respect of plant and machinery of short life, the terms of which are set out below. The main object would appear to be to get an obsolescence allowance in cases where the dismantled plant or machinery has not been replaced.

"In estimating the profits or gains of any trade, manufacture, adventure, or concern in the nature of trade chargeable under this Schedule, where any plant or machinery used for the purposes of the trade and belonging to the person by whom it is carried on is dismantled, sold or otherwise disposed of within seven years from the date of purchase of such plant or machinery, the difference between the cost of that plant or machinery as reduced by any allowances under Rule 6 of these Rules, and the value of the dismantled plant or the price realised on the disposal of such plant or machinery shall be a deduction from or an addition to the profits of the trade or business for the year in which the plant is dismantled or sold as

may be appropriate. Provided that if full effect cannot be given to any such deduction calculated as aforesaid in the said year, then such repayments of tax shall be made for the years of assessment during which the plant has been used for the purpose of the trade as shall be necessary to give effect to such deduction. No deduction shall be admissible under this Rule if the sale or disposal of the plant occurs directly or indirectly as the result of the discontinuance of the trade or business."

## INCORPORATED ACCOUNTANTS' HALL.

Copies are now available of the attractive reproduction of Mr. Hanslip Fletcher's pen and ink sketch of Incorporated Accountants' Hall. The original drawing was presented by the Society to Sir James Martin during the Fiftieth Anniversary celebrations in April. The reproductions are on hand-made paper and bear the artist's signature.

The price is 6s. 6d., which includes also a copy of the revised edition of the illustrated brochure, "Incorporated Accountants' Hall: Its History and Architecture."

## Society of Incorporated Accountants and Auditors.

### MEMBERSHIP.

The following additions to and promotion in the Membership of the Society have been completed since our last issue:—

#### ASSOCIATES TO FELLOWS.

ABRAHAMS, REUBEN (Wolpert & Abrahams), 1-4, Wintons Chambers, 376, Smith Street, Durban, South Africa, Practising Accountant.

AINSWORTH, JOHN, City Treasurer, The Old Guildhall, Plymouth.

AMOS, MAURICE TEMPLE (Temple, Gothard & Co.), 7 and 8, Norfolk Street, Strand, London, W.C.2, Practising Accountant.

BAYLEY, VICTOR HENRY MARY, A.C.A. (Miles Taylor & Co.), 82, Coleman Street, London, E.C.2, Practising Accountant.

BINNS, JOSEPH, Exchange Buildings, Mirfield, Practising Accountant.

COUZENS, WESLEY WILLIAM ADOLPHUS, A.C.A. (Nicholson, Beecroft & Co.), Panyer House, 1-4, Paternoster Row, London, E.C.4, Practising Accountant.

FIRTH, HARRY MITCHELL (Firth, Parish & Clarke), Market Street Chambers, 32A, Market Street, Bradford, Practising Accountant.

GAVIN, JOHN STEEL (JUNR.) (John S. Gavin & Son), 191, West George Street, Glasgow, C.2, Practising Accountant.

LONG, HAROLD WILLIAM (Cassleton Elliott & Co.), P.O. Box 549, Lagos, Nigeria, Practising Accountant.

PATERSON, JAMES HAWTHORNE, 13, Hamilton Street, Greenock, Practising Accountant.

PITT, GEORGE STANHOPE, A.C.A. (Bolton, Pitt & Breden), 27, Clement's Lane, Lombard Street, London, E.C.4, Practising Accountant.

SAMBAMURTI, MELAKKAVERI NATESA IYER, B.A., 196, Sea Street, Colombo, Practising Accountant.

TOD, NEVILLE SPENCER (Mattinson, Norden & Tod), 36-41, Salisbury House, Smith Street, Durban, South Africa, Practising Accountant.

#### ASSOCIATES.

AIKEN, ARTHUR STEPHEN, B.A., with Alex. Aiken & Carter, Southern Life Buildings, Smith Street, Durban, South Africa.

BUTCHER, ALAN ROSS, with George Mackeurtan, Son & Crosoer, Old Well Court, 376, Smith Street, Durban, South Africa.

CAGE, EDWARD EDWIN HENRY, County Accountant's Department, Sessions House, Maidstone.

CLOTHIER, GEOFFREY EDWARD (Clothier & Thornton-Dibb), Royal Exchange Buildings, Smith Street, Durban, South Africa, Practising Accountant.

DAVIES, ALEX FERRIS with S. E. Denning & Co., 20, Bedford Row, London, W.C.1.

DITTON, JOHN ALFRED, with Dignasse, Duncan & Co., Aldwych House, Aldwych, London, W.C.2.

HELLMUTH, JOHN ERNEST, with Hilton, Sharp & Clarke, 4, Pavilion Buildings, Brighton.

HUSTWICK, MAURICE WADE, with Wade Hustwick, 70, Kirkgate, Bradford.

LLEWELYN, IVOR HICKS, with W. H. Charles, 3, Greenfield Villas, Llanelly.

MAGIN, ARTHUR JOHN, with Slater, Chapman & Co., 38, Holborn Viaduct, London, E.C.1.

PAUL, ROBERT CHARLES, City Treasurer's Department, Town Hall, Newcastle-upon-Tyne.

STAKES, RONALD, with W. D. Burlinson & Co., National Provincial Bank Chambers, Batley.

STEPHENSON, WILLIAM ANTHONY, with W. T. Walton & Son, Scarborough Street, West Hartlepool.

STEWART, JACK ALEXANDER, with Compton & Horne, Colonial Mutual Life Building, West Street, Durban, South Africa.

THOMAS, HAROLD ERNEST, with Holmes-White, Herbert & Co., 476, Barking Road, Plaistow, London, E.13.

WUTH, RICHARD GEORGE, with Deloitte, Plender, Griffiths, Annan & Co., 17/18, Royal Exchange Building, Smith Street, Durban, South Africa.

## Obituary.

### WILLIAM BATESON.

It is with deep regret that we record the death on May 10th last, of Mr. William Bateson, J.P., at the age of 70. Mr. Bateson became a member of the Society of Incorporated Accountants in 1892, and was a member of the Council from 1924 until 1930. Mr. Bateson was the first President of the Incorporated Accountants' District Society of North Lancashire, which was founded in 1909. He was also for over 30 years a member of the Council of the Institute of Municipal Treasurers and Accountants, and was President in 1903-4. After nine years as Borough Treasurer of Leamington, he was appointed Borough Treasurer of Blackpool in 1900, and retained this office until his retirement in 1931.

The funeral took place on May 13th, when there was a large attendance, including the Mayor of Blackpool and members of the Corporation; also Mr. W. Allison Davies, Mr. Edmund Lund, and Mr. Arthur Collins, who represented the Society.

### ERIC PENDRELL SMITH.

We announce with regret the death on May 18th of Mr. Eric P. Smith, F.S.A.A., at the age of 63. Mr. Smith became a member of the Society of Incorporated Accountants in 1898. He commenced practice in the year 1900, when he was taken into partnership by his father, Mr. F. W. Smith, F.C.A. He was a Freeman of the City of London and a Liveryman of the Worshipful Company of Musicians, with which his family had been connected for several generations.

## Changes and Removals.

Messrs. Goodchild & Harrison, Incorporated Accountants, announce a change of address to Finsbury Court, Finsbury Pavement, London, E.C.

Messrs. Temple, Gothard & Co., Incorporated Accountants, have opened a branch office at 13a, Church Road, Upper Norwood, London, S.E.

## FINANCE BILL.

The following are the provisions of the Finance Bill relating to Income Tax and certain other financial matters:—

### PART I.

#### Customs and Excise.

##### AMENDMENTS AS TO ENTERTAINMENTS DUTY.

1.—(1) As respects payments for admission to entertainments held on or after the first day of July, nineteen hundred and thirty-five, entertainments duty within the meaning of the Finance (New Duties) Act, 1916, shall be chargeable subject to the amendments hereafter specified in this section.

(2) The said duty shall cease to be charged on payments not exceeding sixpence.

(3) The said duty shall be charged at the reduced rates set out in the First Schedule to this Act in a case where all the performers whose words or actions constitute the entertainment are actually present and performing, and the entertainment consists solely of one or more of the following items, namely, a stage play, a ballet (whether a stage play or not), a performance of music (whether vocal or instrumental), a lecture, a recitation, a music hall or other variety entertainment, a circus or a travelling show.

(4) In this section the expression "stage play" has the meaning assigned to it by section twenty-three of the Theatres Act, 1843, except that it includes theatrical representations in booths and shows to which that Act does not apply by virtue of the proviso to that section.

(5) Where duty has been charged on any payment for admission to an entertainment held on or after the said first day of July at the rate applicable to payments for admission to entertainments held before the said date, the person by whom the duty was paid shall be entitled to repayment of the difference between the amount of duty actually paid and the amount of duty, if any, chargeable on the payment by virtue of the provisions of this section.

##### VALUATION OF GOODS FOR PURPOSE OF *ad valorem* DUTIES

10.—(1) For the purposes of any enactment for the time being in force whereunder a duty of customs is chargeable on goods by reference to their value, the value of any imported goods shall be taken to be the price which they would fetch on a sale in the open market at the time of importation, and duty shall be paid on that value as fixed by the Commissioners.

(2) For the purposes of computing the price aforesaid it shall be assumed—

- (a) that the goods to be valued are to be delivered to the buyer at the port or place of importation, freight, insurance, commission and all other costs, charges and expenses incidental to the making of the contract of sale and the delivery of the goods at that port or place (except any duties of customs) having been paid by the seller; and
- (b) that the price is the sole consideration for the sale of the said goods; and
- (c) that neither the seller nor any person associated in business with him has any interest, direct or indirect, in the subsequent re-sale or disposal of the said goods; and
- (d) that there has not been and will not be any commercial relationship between the seller and the buyer, whether created by contract or otherwise, other than that created by the sale of the said goods.

(3) Where the goods to be valued are manufactured in accordance with a patented invention or are goods to which a registered design has been applied, it shall also be assumed for the purpose of computing the price aforesaid that the buyer is not the patentee or the proprietor of the design and has not paid any sum or given any consideration by way of royalty or otherwise in respect of the patent or design and, on payment of the price, will be entitled to deal with the goods free from any restriction as regards the patent or design.

(4) Where a trade mark is used in the United Kingdom in relation to goods of the class or description to which the goods to be valued belong for the purpose of indicating that goods in relation to which it is used are goods of a foreign supplier of the goods to be valued or of a person to whom he has assigned the goodwill of the business in connection with which the trade mark is so used, it shall also be assumed for the purpose of computing the price aforesaid that the goods to be valued are sold under that trade mark, unless it is shown to the satisfaction of the Commissioners that the goods to be valued have not at any time been, and security is given to the satisfaction of the Commissioners that they will not be, so sold by or on behalf of the foreign supplier or any such person as aforesaid.

(5) For the purposes of this section—

- (a) two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other or both have a common interest in any business or property or some third person has an interest in the business or property of both of them;
- (b) the expression "foreign supplier," in relation to any goods to be valued, means any person by whom those goods have been grown, produced, manufactured, selected, dealt with or offered for sale outside the United Kingdom, and includes any other person associated in business with such a person as aforesaid;
- (c) the expression "trade mark" includes a trade name and a get-up.
- (6) Sub-sections (1) and (2) of section fifteen of the Import Duties Act, 1932, shall cease to have effect, and sub-sections (3) and (4) of that section (which relate to regulations) and section sixteen of that Act (which relates to the determination of disputes as to value) shall have effect for the purpose of this section as they had effect for the purpose of the said section fifteen.

### PART II.

#### Income Tax.

16.—(1) Income tax for the year 1935-36 shall be charged at the standard rate of four shillings and sixpence in the pound, and, in the case of an individual whose total income exceeds two thousand pounds, at such higher rates in respect of the excess over two thousand pounds as Parliament may hereafter determine.

(2) All such enactments as had effect with respect to the income tax charged for the year 1934-35 shall have effect with respect to the income tax charged for the year 1935-36.

##### HIGHER RATES OF INCOME TAX FOR 1934-35.

17. Income tax for the year 1934-35 in respect of the excess of the total income of an individual over two thousand pounds shall be charged at rates in the pound which respectively exceed the standard rate by amounts equal to the amounts by which the rates at which income tax was charged in respect of the said excess for the year 1933-34 respectively exceeded the standard rate for that year.

#### EXEMPTION FROM, AND REDUCTION OF, TAX IN CERTAIN CASES.

18.—(1) An individual who proves that his total income does not exceed one hundred and twenty-five pounds shall be entitled to exemption from income tax.

(2) An individual who, not being exempt as aforesaid, proves that his total income is less than one hundred and forty pounds, shall be entitled to have the amount of income tax payable in respect of his total income, if it would but for the provisions of this sub-section exceed a sum equal to one-fifth of the amount by which his total income exceeds one hundred and twenty-five pounds, reduced to that sum.

(3) All such provisions of the Income Tax Acts as apply in relation to deductions of tax under section forty of the Finance Act, 1927, shall, with any necessary modifications, apply in relation to exemptions from or reductions of tax under this section.

#### PERSONAL ALLOWANCE OF MARRIED PERSONS.

19. Sub-section (1) of section eighteen of the Finance Act, 1920 (which, as amended by section forty of the Finance Act, 1927, and section eight of the Finance (No. 2) Act, 1931, provides for a deduction of tax on one hundred and fifty pounds in the case of married persons) shall have effect as if the words "one hundred and seventy pounds" were substituted for the words "one hundred and fifty pounds."

#### DEDUCTION IN RESPECT OF CHILDREN.

20. Sub-section (1) of section twenty-one of the Finance Act, 1920 (which, as amended by section forty of the Finance Act, 1927, and section eight of the Finance (No. 2) Act, 1931, provides for a deduction of tax on fifty pounds in respect of one child and on forty pounds in respect of each subsequent child) shall have effect as if the words "each such child" were substituted for the words "one child," and as if the words "and in respect of each subsequent child to a deduction of forty pounds" were omitted.

#### RELIEF FROM BALANCE OF TAX CHARGEABLE AFTER ALLOWANCE OF OTHER RELIEFS.

21. Sub-section (2) of section forty of the Finance Act, 1927 (which, as amended by section eight of the Finance (No. 2) Act, 1931, provides for the reduction of the tax remaining chargeable after the allowance of other reliefs by a sum equal to half the amount so remaining chargeable or half the tax on one hundred and seventy-five pounds, whichever is the less) shall have effect as if the words "two-thirds" were substituted for the words "one-half" in both places where they occur, and as if the words "one hundred and thirty-five pounds" were substituted for the words "one hundred and seventy-five pounds."

#### AMENDMENT AS TO RELIEF IN RESPECT OF LIFE INSURANCE PREMIUMS, &c.

22. Sub-section (3) of section thirty-two of the Income Tax Act, 1918 (which restricts the allowance of tax to be made under that section in respect of life insurance premiums and other payments) shall have effect as if at the end thereof there were inserted the following new paragraph:—

(f) shall be given at a rate of tax greater than one-third of the standard rate—

(i) where the taxable income of the claimant does not exceed one hundred and thirty-five pounds, in respect of any premiums or payments to which his claim relates; or

(ii) where the taxable income of the claimant exceeds one hundred and thirty-five pounds, in respect of the amount, if any, by which such

premiums or payments exceed the amount by which his taxable income exceeds one hundred and thirty-five pounds.

In this paragraph the expression "taxable income" in relation to a claimant means his total income less any amount on which he is, by virtue of sub-section (1) of section forty of the Finance Act, 1927, entitled to relief by way of a deduction of tax.

#### CONTINUANCE OF ALLOWANCE FOR REPAIRS.

23. Section twenty-eight of the Finance Act, 1923, (which relates to the allowance for repairs and which was continued in force by section thirty of the Finance Act, 1933, until the fifth day of April, nineteen hundred and thirty-six) shall continue in force until the fifth day of April, nineteen hundred and thirty-seven.

#### DEDUCTION FROM PROFITS OF CONTRIBUTIONS PAID TO RATIONALISE INDUSTRY.

24.—(1) Notwithstanding anything contained in Rule 3 of the Rules applicable to Cases I and II of Schedule D, where a person pays, wholly and exclusively for the purposes of a trade in respect of which he is chargeable under Case I of Schedule D, a contribution in furtherance of a scheme which is for the time being certified by the Board of Trade under this section, the contribution shall, in so far as it is paid in furtherance of the primary object of the scheme, be allowed to be deducted as an expense in computing the profits or gains of the said trade.

(2) The Board of Trade shall certify a scheme under this section if they are satisfied—

(a) that the primary object of the scheme is the elimination of redundant works or machinery or plant from use in an industry in the United Kingdom; and

(b) that the scheme is in the national interest and in the interest of the said industry as a whole; and

(c) that such number of persons engaged in the said industry as are substantially representative of the industry are liable to pay contributions in furtherance of the primary object of the scheme by agreement between them and the body of persons carrying out the scheme.

(3) The Board of Trade shall cancel any certificate granted under this section if they cease to be satisfied as to any of the matters referred to in the last foregoing sub-section.

(4) In the event of the repayment, whether directly or by way of distribution of assets on a winding-up or otherwise, of a contribution or any part thereof which has been allowed to be deducted under this section, the deduction of the contribution, or of so much thereof as has been repaid, shall be deemed to be an unauthorised deduction in respect of which an additional assessment shall be made under sub-section (1) of section one hundred and twenty-five of the Income Tax Act, 1918, and notwithstanding anything contained in the Income Tax Acts the time within which such an additional assessment and any consequential assessment to surtax may be made shall not expire before the end of the third year following the year of assessment in which the repayment was made.

(5) For the purpose of this section a sum received by any person by way of repayment of contributions shall be deemed to be by way of repayment of the last contribution paid by him, and, if the sum exceeds the amount of that contribution, by way of repayment of the penultimate contribution so paid, and so on.

(6) In computing for the purposes of section thirty-three of the Finance Act, 1926 (which relates to relief in respect of certain losses), whether and to what extent a loss has been sustained by any person in the year 1934-35,

or in the period which under section thirty-four of that Act would be taken to be the year preceding the year 1935-36, this section shall be deemed to have come into operation at the commencement of the year 1934-35, or of that period, as the case may be.

(7) The Board of Trade may at any time require the body of persons carrying out a scheme certified under this section to produce any books or documents of whatever nature relating to the scheme, and, if the requirement is not complied with, the Board may cancel the certificate.

(8) Anything required or authorised to be done under this section by the Board of Trade may be done by the President, a secretary, under-secretary, or assistant secretary of the Board or any person authorised in that behalf by the President of the Board.

(9) In this section, the expression "contribution," in relation to a scheme, does not include a sum paid by a person by way of loan or subscription of share capital, or in consideration of the transfer of assets to him, or by way of a penalty for contravening or failing to comply with the scheme.

### PART III.

#### Local Loans.

##### POWER TO ISSUE NEW SECURITIES IN LIEU OF LOCAL LOANS STOCK.

26. The Treasury may from time to time, in lieu of creating Local Loans stock under section eight of the National Debt and Local Loans Act, 1887, create and issue, for the purposes for which Local Loans stock may be created, such securities bearing such rate of interest and subject to such conditions as to redemption, repayment or otherwise as they think fit.

##### PROVISION FOR REDEMPTION AND CONVERSION OF LOCAL LOANS STOCK AND NEW SECURITIES.

27.—(1) The Treasury may also from time to time create and issue such securities bearing such rate of interest and subject to such conditions as aforesaid for any of the following purposes—

- (a) for raising money for the redemption of any Local Loans stock or any securities created under this or the last foregoing section (hereafter referred to as "new Local Loans securities");
- (b) for the purpose of exchange, as hereafter provided, with any such stock or securities, and for raising such money (if any) as may be required as further consideration for any such exchange;
- (c) for raising money for the repayment to the Exchequer of sums issued out of the Consolidated Fund as provided in the next following section.

(2) The notice of redemption of Local Loans stock referred to in sub-section (3) of section eight of the National Debt and Local Loans Act, 1887, shall, instead of being a resolution of the House of Commons as provided in sub-section (4) of that section, be a notice given by the Treasury and published in the *London Gazette*, and the mode of redemption shall be such as may be determined by the notice, but save as aforesaid nothing in this Act shall affect the provisions of the said sub-sections (3) and (4).

(3) Where it is proposed to redeem any Local Loans stock or any new Local Loans securities, the Treasury may arrange for giving an option, subject to such conditions and on such terms as the Treasury may determine and with or without payment of any further consideration, to any holders of the stock or securities to be redeemed to take in exchange securities created under this section.

(4) All stock or securities redeemed or surrendered for the purpose of an exchange under this section shall be cancelled forthwith.

(5) The Treasury may make rules with respect to the exchange of stock or securities as aforesaid, and may by those rules provide, with the necessary modifications, for any of the matters for which provision could be made under section twenty-nine of the National Debt (Conversion) Act, 1888, and may also by those rules apply, with the necessary modifications, any of the provisions of Part IV of that Act (whether repealed or not) which they think it expedient to apply.

### PART IV.

#### Miscellaneous and General.

##### FURTHER RELIEF OF SMALL ANNUITIES FROM ESTATE DUTY.

31. Sub-section (1) of section fifteen of the Finance Act, 1894 (which exempts from estate duty certain annuities not exceeding twenty-five pounds) shall have effect, in the case of an annuity purchased or provided by a person dying after the passing of this Act, as if the words "fifty-two pounds" were substituted for the words "twenty-five pounds."

##### SHORT TITLE, CONSTRUCTION, EXTENT AND REPEALS.

32.—(1) This Act may be cited as the Finance Act, 1935.

(2) Part I of this Act, so far as it relates to duties of customs, shall be construed as one with the Customs Consolidation Act, 1876, and so far as it relates to duties of excise shall be construed as one with the Acts which relate to the duties of excise and to the management of those duties, and the expression "the Commissioners" in the said Part I means the Commissioners of Customs and Excise.

(3) Part II of this Act shall be construed as one with the Income Tax Acts.

(4) Any reference in this Act to any other enactment shall be construed as a reference to that enactment as amended by any subsequent enactment, including (unless the context otherwise requires) this Act.

(5) In this Act the expression "the United Kingdom" does not include the Isle of Man.

(6) Such of the provisions of this Act as relate to matters with respect to which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.

(7) The enactments set out in the Second Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.

##### FIRST SCHEDULE.

###### Section I.

##### REDUCED RATES OF ENTERTAINMENTS DUTY IN CASE OF CERTAIN ENTERTAINMENTS.

Amount of Payment.	Duty.
Where the amount of the payment, excluding the amount of duty—	
Exceeds 6d. and does not exceed 8½d. . . . .	One halfpenny.
Exceeds 8½d. and does not exceed 11d. . . . .	One penny.
Exceeds 11d. and does not exceed 1½d. . . . .	Three halfpence.
Exceeds 1½d. and does not exceed 1¼d. . . . .	Two pence.
Exceeds 1¼d. and does not exceed 1½d. . . . .	Two pence halfpenny.
Exceeds 1½d. and does not exceed 1¼d. . . . .	Three pence.
Exceeds 1¼d. . . . .	Three pence for the first 1¼d. and one penny for every 5d. or part of 5d. over 1¼d.

## SECOND SCHEDULE.

## Section 32.

## ENACTMENTS REPEALED.

Session and Chapter.	Title or Short Title.	Extent of Repeal.
9 Edw. 7. c. 43.	The Revenue Act, 1909.	In sub-section (1) of section one, the words "the importer of the goods or his agent, or" and the words "as the case may be," and in sub-section (2) of that section the words "the importer or his agent, or."
10 Edw. 7 and 1 Geo. 5. c. 8.	The Finance (1909-10) Act, 1910.	As from the first day of October, nineteen hundred and thirty-five, in the first column of scale 3 in the First Schedule the words and figures from "and less" to "100,000" where it secondly occurs, in the second column of that scale the figures from "150" to "350," and in the third column the figures from "100" to "2310."
10 & 11 Geo. 5. c. 18.	The Finance Act, 1920.	In sub-section (1) of section twenty-one, the words "and in respect of each subsequent child to a deduction of forty pounds."
21 & 22 Geo. 5. c. 49.	The Finance (No. 2) Act, 1931.	In the Second Schedule the words from "Exceeds 2d." to "One penny" where it first occurs.
22 & 23 Geo. 5. c. 8.	The Import Duties Act, 1932.	Sub-sections (1) and (2) of section fifteen; and as from the first day of August, nineteen hundred and thirty-five, in the First Schedule the words "Soya beans."
23 & 24 Geo. 5. c. 19.	The Finance Act, 1933.	Section twelve; and, as from the first day of August, nineteen hundred and thirty-five, in the paragraph substituted by Part I of the Seventh Schedule the words in sub-paragraph (b) from "which are propelled" to "light oils," sub-paragraph (c) and the definition of light oils, and in the paragraph substituted by Part III of that Schedule sub-paragraph (c) (iv) and the words "light oils."

## NEDERLANDSCH INSTITUUT VAN ACCOUNTANTS.

## FORTIETH ANNIVERSARY.

The Nederlandsch Instituut van Accountants celebrated the fortieth anniversary of its foundation on May 13th, when a banquet was held at the Carlton Hotel, Amsterdam. The chair was occupied by Mr. E. Van Dien, a member of the Institute since its foundation in 1895, who welcomed the guests in the name of the President and the Board. The company numbered 300, including the Mayor and one of the Aldermen of the City of Amsterdam, Deputies of the Minister of Economic Affairs, the Chancellor of the Exchequer, and the Minister of Colonies, the President of the Chamber of Commerce, and many others. The Institute of Chartered Accountants in England and Wales was represented by its Vice-President, Mr. Roger N. Carter, F.C.A.; the Society of Incorporated Accountants by Mr. Walter Holman (Member of the Council); the three Scottish Chartered Accountant Societies by Mr. Harold G. Judd, C.B.E.; the Corporation of Accountants by its President, Mr. Herbert Hughes; and the German accountants by Dr. E. Schourp and Herr A. Jores.

Mr. G. J. C. D. Kropman, Mayor of Amsterdam, proposing the toast of the Nederlandsch Instituut van Accountants, made a comparison between the work of accountants and the administration of a big city with its 800,000 shareholders, its board of directors (the municipal council), and its managing directors (the aldermen).

Dr. J. H. R. Sinninghe Damsté, Secretary to the Treasury, who represented the Chancellor of the Exchequer, pointed out that the tax administration, with its own big staff of accountants, had to collaborate every day with public accountants, and he stated that the collaboration with the members of the Institute was always friendly. Conflicts between tax officials and taxpayers could not always be avoided, but he mentioned with pleasure the efforts of accountants to bring about an agreement.

Mr. J. H. De Mol Van Otterloo, deputy of the Minister of Economic Affairs, rejoiced the company by saying that the Minister had instructed him to prepare a Bill regulating the accountants' profession. When this promise became a fact, the Nederlandsch Instituut van Accountants would have reached the goal it had been aiming at for the last forty years. In 1918 and again in 1928, the Government appointed a committee to report on this matter, and both committees advised the Government that a regulation was very urgent, but no action had hitherto been taken.

Mr. H. Bijleveld, Chairman of the Committee of 1928, appropriately interpreted the enthusiasm of the meeting at this communication.

Mr. Harold G. Judd, C.B.E., C.A., speaking in the name of all the foreign bodies represented, complimented the Nederlandsch Instituut van Accountants on the success attained. He described the task of accountants as fighting for truth and integrity in accounts.

The President of the Nederlandsch Instituut van Accountants, Mr. James Polak, thanked the different speakers for their kind words, and proposed the toast of the Guests. He specially mentioned three members of the Institute, Mr. E. Van Dien, Mr. A. Davidson, and Mr. H. Lamsvelt, who were the only gentlemen present out of 71 who founded the Institute in 1895. He mentioned with deep regret the loss of one of the founders only a few days ago.

## "Business Accounts and How to Read Them."

AN Address delivered to the Incorporated Accountants' District Society of Liverpool by

**Sir THOMAS KEENS, F.S.A.A.**

THE MAYOR OF SOUTHPORT (Councillor A. A. Ashton, J.P.) presided.

Sir THOMAS KEENS said: You will notice that our title is not "Balance Sheets and How to Read Them." That subject is important and might very well occupy our attention for an evening or more, but my own topic to-night is even wider and therefore more difficult to compress. There are some initial difficulties. My audience to-night includes not only those who are professionally skilled in accounts, but also many others who would not claim to be so qualified, though possessing practical knowledge and experience in other spheres far exceeding that of professional accountants. I apologise in advance, therefore, if I fail in this address to attain the happy mean between that simplicity and erudition which is required.

Let us clear up at the outset a matter that is the source of a good deal of misunderstanding. You will hear all sorts of accounts loosely described as balance sheets. Thus, when the Chancellor of the Exchequer makes his annual Budget statement, the newspapers usually describe it as the annual balance sheet—which, of course, it is not. The annual account of receipts and payments may be, but it is certainly not a balance sheet. What, then, is a balance sheet? Strictly speaking, it is not an account at all, but a summary of the balances left on the books after the preparation of a profit and loss account. On the left-hand side it contains liabilities and capital, on the other side the assets, the balancing figure being the undistributed profit or accumulated loss.

Obviously, the purpose of the balance sheet is to show the value of the undertaking to the proprietor or proprietors. That seems fairly simple, but in practice there are complications. Distinguishing, as we should, between fixed and floating assets, the valuation of the latter must, in the first place, be reasonably accurate. I use the word "reasonably" because every valuation except that of actual cash is in the nature of an estimate which may be falsified by the course of events. In some countries even the cash item is subject to the same conditions, but with our more stable system this risk may be disregarded. As to the fixed assets, these are usually stated on the basis of cost, less depreciation, no attempt being made to give the actual realisable value of these assets. The reason for this is that such assets are not primarily held for realisation but really represent the machinery for creation of profits which will not be broken up in the normal course of the business in its present form. Because of this system of valuing all fixed assets at cost, less depreciation, the question of depreciation is an important one, and it may also be desirable to make special appropriations in respect of obsolescence, particularly in good times. With these preliminary observations, we turn to the practical side of our talk together, although I shall have some remarks to make on the balance sheets of public companies at the close of my address.

Fifty years ago, when the Society of Incorporated Accountants and Auditors was founded, one of the main objects of the Society was stated in its Memorandum of Association in these terms:—

"To promote and foster in commercial circles a higher

sense of the importance of systematic and correct accounts and to encourage a greater degree of efficiency. . . ."

In this jubilee year of the Society, it is therefore appropriate that an address on Business Accounts should be delivered under its auspices, particularly as in these days the correct interpretation of accounts has become one of the keys to the proper management of businesses of every size and kind.

The usual method of approaching our subject is for the speaker to recommend, firstly, a preliminary survey of the practical side of the business in question; secondly, a detailed analysis of the profit and loss account in relation to turnover; and, lastly, a consideration of the balance sheet items. On this occasion, however, I suggest that an alternative method of diagnosis should be followed, namely, that we should consider the various diseases with which a business may be afflicted, with particular reference to the ways in which the onset of these ailments will first be indicated in the financial records of the typical concern. In this way we shall be able to use our figures as they should be used—that is, not as dead records, but as living and growing guides to future policy.

### TURNOVER.

As we all know, the chief "killing disease" in the business world is declining sales. Although many of us are directors of industrial undertakings, it is not the primary task of an accountant as such to concern himself with management, and our sphere is thus usually confined to the early detection of elements of weakness which, if allowed to develop, may perhaps imperil the whole business. In the first place, then, it is necessary to keep a watch on the progress of sales month by month, or even day by day, so that we may know long before the end of the year what is the general trend of the business. For this purpose a graph of monthly sales is most useful, particularly if we show also the cumulative total to date and the moving annual trend, together with the corresponding curves for the previous financial period. In this connection, it is important to watch not only the value of sales but also the volume, since it is so easy to think that sales are increasing when all that is happening is that the selling price has risen. Our records should therefore include figures as to the number of units sold, and there should be available statistics as to changes in selling prices.

In some businesses it is very necessary to break up the sales figure between various departments or commodities, so that the individual trends may be seen. In laundry accounts, for example, one sometimes finds that a consistent total turnover may mask a decrease in fully-finished services which have been compensated for by increases in the machine-ironed services. This is important if one of the departments happens to be relatively more profitable than the other, as in this case. A further point in connection with sales is the standardisation of products, where substantial economies can sometimes be obtained without loss of output. We may also analyse sales under geographical areas, while watch may be kept on the number of new accounts opened. In some trades it is desirable to go a step further and to see how our sales are comparing with the total output of the industry, if ascertainable, so that we can see whether we are holding our position in the trade. In the majority of industries the figures are not ascertainable, but at least we should have an approximate idea as to the general condition of the trade as a whole, so that we can form an opinion as to whether variations in our turnover are due to factors peculiar to our own

business or to the locality or whether similar variations are being experienced throughout the whole industry.

#### EXPENSES.

The second chronic disorder is excessive expenses. How are we to tell from the accounts of business with which we are connected whether this is happening? There are perhaps three main tests:—

- (1) We can compare each item of expense in the profit and loss account with the corresponding figure for the past two, three or more years.
- (2) Each item of expense may be expressed as a percentage of the sales total or as cost per unit.
- (3) We may subject each item to a detailed analysis since, to quote Sir Josiah Stamp, "Economies . . . are only secured by an attack on a multitude of items of expenditure and a review of the simplest function. . . ." To take wages as an example, we should have figures relating to the numbers employed, the staff functions, the overtime charges and the labour charges in relation to the turnover of each department.

In connection with this question of expenses it is important that profit and loss accounts should be prepared at reasonably frequent intervals so that excessive expenditure may be discovered at once and not lie undisclosed until the annual accounts are prepared. In all except the smallest businesses monthly profit and loss accounts and cash summaries are of the greatest value, and here the benefits of recent developments in mechanical accounting are being mainly experienced.

#### WORKING CAPITAL.

What is our next ailment? It is, I think, shortage of working capital. This is an ever-present danger which may come upon even a prosperous business quite unexpectedly, particularly in times of rapid expansion. How may we detect the preliminary symptoms so that the necessary arrangements may be made before the need for capital becomes urgent and dangerous? From our ordinary balance sheet we can, of course, learn much by watching the ratio of current assets to current liabilities. If we find that year by year the item creditors is growing faster than the total of debtors, stock and bank balances, we may well suspect that before long the business will be short of working capital. It is also possible to have a graph prepared showing our total liquid resources each month as a guide to the most convenient times for capital developments, hire-purchase instalments, credit policy, purchases of stock and dividend payments. Further, we can have before us each month a cash summary disclosing the disposal of our liquid resources. But, in addition, it is desirable that every large company or firm should prepare a budget of estimated receipts and payments for the next three, six or twelve months. The figures cannot, of course, be strictly accurate, but at least they can be intelligent anticipations, and the path before us will thus not be wholly uncharted and unconsidered. There can be no doubt but that the system of budgetary control is receiving more and more attention.

#### STOCKS.

Closely allied to the question of working capital is the kindred problem of stock turnover. I need not say how essential it is for the health of every business that capital should not be locked up unnecessarily in stock, and the control of stock turnover rates is perhaps the most important element in the success of most manufacturing and distributing businesses. On this topic, it is not for an accountant to dogmatise, since the practical

needs of a business are best known to those in intimate touch with its daily life, but there are certain types of records which may be of assistance to the managers of a business.

- (1) Following the technique of cost accounting, figures may be kept as to the turnover in each principal line of stock, so that purchasing policy may be guided accordingly.
- (2) Graphs may be drawn showing monthly sales and purchases curves on one chart, so that the danger of making purchases far in advance of sales may be avoided.
- (3) Over a period of years the annual rate of stock turnover may be closely watched. This figure is, of course, obtained by dividing the average stock total into the turnover (*i.e.*, sales at cost price) for the year. For example, if our average stock is £5,000 and our sales (reduced to cost price) total £50,000, we are turning over our stock ten times each year. If comparative figures are available for similar concerns in the same trade, a useful comparison may often be made.

#### DEBTORS.

The next chronic disease with which we have to deal is the locking up of capital with "long-winded" debtors. Every business man has his own method of dealing with these troublesome people, and I need only suggest one or two financial indices which may sometimes be useful in this respect. In the first place we can compute the average length of credit which is being allowed by dividing our sales figures by the average debtors' total. If, for example, we find that with sales at £100,000 per annum our debtors average £25,000, the average allowance of credit is one-quarter, *i.e.*, three months. Over a period of years some interesting trends may often be detected in this way. The second method is very simple and consists of taking out the trial balances of debtors' ledgers in three columns, used respectively for debts not overdue, debts overdue up to three months, and debts overdue beyond that period. The poor payers are thus distinguished, and our three separate totals give us some idea of the general position.

#### PLANT.

There may be another unhealthy feature present in the accounts, concealed in the item "Machinery and Plant at cost, less Depreciation." How can we tell from our records whether excessive, over-valued or obsolete plant is included? There is really no substitute here for practical knowledge of the details of production, but certain financial data are important. For example, we should have a plant register showing the cost of each item or class of item, and the depreciation written off thereon. We can also compute the value of production by certain plant in successive periods with the cost of that plant, and we can watch expenditure on repairs. It frequently happens, for example, that an old van is kept in use when a new van would fully justify itself by reduced charges for repairs, but here again practical knowledge is essential. Similarly the question of the general efficiency of the plant and the decision as to whether some machines shall be scrapped in favour of newer and more efficient ones is a matter for the management or proprietor. In my experience the question of internal transport and hauling of goods is of the greatest importance. The difference in costs between an ill-designed and equipped factory or warehouse and one where the problem has had full consideration and suitable equipment provided is considerable.

## MISCELLANEOUS MATTERS.

So much for the major items of business accounts. There are also a number of minor abnormalities, to one or two of which reference may be made. There is, firstly, that interesting wasting disease associated with the law of diminishing returns. Shortly, what happens is that a successful business goes on increasing year by year until one day it goes past its proper economic size and ever afterwards every successive "dose" of capital yields a less than proportionate return. Take the example of the laundry quoted above. You may find that after your turnover has gone past £800 a week you are getting increased, instead of diminishing, percentage costs, because of lengthening deliveries or increasing depot charges. How can we tell when the danger point is being approached so that we can think about building a new laundry instead of increasing the old one? In most cases we shall eventually have to prepare a detailed computation of standing and fluctuating charges, but there is one guide which can be used here with great advantage. It is this: what is the trend of net earnings expressed as a percentage of the true capital employed, *i.e.*, the total share capital, reserves and profit and loss balance? The point about including reserves and profit and loss accounts balance with the capital is important, since if we are retaining money in the business in this way instead of paying it out in dividends, we ought to be earning something on it; if we are not, there is possibly something wrong, and it may be that this law of diminishing returns has commenced to operate.

The final trouble to which reference may be made is that of badly organised capital. The capital structure of a company may be unsatisfactory for many reasons and it is only possible to lay down a few general rules:—

- (1) If the business is speculative, a large proportion of the capital ought normally to be in ordinary shares.
- (2) Interest on debentures and other prior charges should not be unreasonably high.
- (3) The terms of repayment on debentures and redeemable preference shares should be within the capacity of the company.
- (4) Voting rights must be reasonable.
- (5) The capital structure of the company must be sufficiently elastic to allow of future development; for example, by the issue of additional debentures, if new assets are acquired.

## THE BALANCE SHEETS OF PUBLIC COMPANIES.

The question of capitalisation brings us finally to the published balance sheets of large companies. So far we have dealt mainly with moderate-sized companies or businesses where we were in a position to obtain inside information; what of the large public company where we have only the published balance sheet to guide us? At what factors should we look, for example, when we are thinking of buying shares on the Stock Exchange?

I suppose that we all look first at the general circumstances of the business in relation to such matters as management, possible markets, advertising policy, monopolies, possible competitors, substitutes, promotion profits, and the like. Then we turn to the last few balance sheets of the company and we are at once met with a very grave difficulty. It is this: although the value of that business in the last resort depends upon its earning capacity, we cannot in most cases tell what have been the real profits for the past few years, since

the net profit figure is lost in a multitude of reserves, taxation adjustments, investment income and abnormal debits and credits. It was for this reason that when a committee was appointed by the Society of Incorporated Accountants to make recommendations as regards possible company law amendment, we reported that it was essential:—

- (a) That the profit and loss account should show the true balance of profit or loss for the period covered by such account; and
- (b) That in the profit and loss account any debits or credits which are abnormal in character or extraneous in their nature to the ordinary transactions of the company, together with any reserves from a previous period no longer required, should be stated separately.

Without this information we cannot feel sure that we are reading the balance sheet correctly, and the most that we can do is to look at the following matters:—

- (1) The trend of disclosed profits.
- (2) Dividend declarations and amounts carried forward on profit and loss account.
- (3) The amount of liquid resources.
- (4) The character of the company's investments, if disclosed.
- (5) The net assets available for shareholders, excluding fictitious assets.
- (6) The "gearing" of the capital, *i.e.*, what proportion of the total is in ordinary shares.

Let me emphasise, however, that in the purchase of shares for investment, the purchaser is buying income. Therefore it follows that the profit and loss account is more valuable as a guide than the balance sheet. Only on the rarest occasions, however, do we get an adequate published profit and loss account, and this is one of the most serious difficulties which the investor encounters. The Legislature has, however, always declined to standardise the form of account, and the difficulty of drafting a standard form applicable to all types of undertakings can be appreciated. For that reason, after sitting for some months, the Committee whose report I have just mentioned was compelled to come to a negative rather than a positive decision as to disclosure of profits.

The best accountancy practice has always been in advance of legal requirements, however, and I have little doubt that the accounts of public companies would be more informative if the public would make up their minds that fuller information was really desirable and that they would support the auditor of a company on the occasions, happily rare, when he finds himself compelled to report specially to the shareholders, with a result that not infrequently his re-election is opposed by the directors.

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We regret to record that on Monday, April 29th, Sir Harry Cousins (Registrar of the Cardiff County Court) passed away at the age of 84. Sir Harry Cousins, who was the doyen of the legal profession in Cardiff, took a warm interest in the Society of Incorporated Accountants, and as recently as April 26th he responded to the toast of the guests at the annual dinner of the South Wales District Society.

## Society of Incorporated Accountants and Auditors.

### South African (Eastern) Branch.

#### LUNCHEON.

A luncheon in connection with the Fiftieth Anniversary Celebrations of the Society was held by the South African (Eastern) Branch at the Durban Country Club on April 4th.

Mr. A. E. Hurley presided over the attendance of 40 members and the Branch's guests. The guests included: The Mayor of Durban (Dr. Stanley Copley), Mr. L. A. Whiteley (Chairman, Northern Branch of the Society), Mr. P. M. George (President of the Natal Society of Accountants), Mr. R. Gray (the Receiver of Revenue), Mr. A. O. Jones (Town Clerk), Mr. T. Eriksen (President of the Durban Chamber of Commerce), Mr. G. E. L. Horne (Secretary of the Natal Society of Accountants). The members of the Society included Mr. H. Fellows-Smith, who was admitted to membership in Natal in 1902.

Mr. P. M. George, President of the Natal Society of Accountants, said that it was his great privilege to propose the toast of the Society of Incorporated Accountants and Auditors. He found it very difficult to say all that he would like to say and all that should be said about the Society in the short time at his disposal. The name of Incorporated Accountant was recognised and respected not only in Great Britain and the British Empire, but throughout the world. He would confine his remarks to the great work the Society had done for the profession in South Africa. Well over 30 years ago the Society established itself in South Africa, when the profession generally, and the Natal Society of Accountants in particular, were in their cradle days. Through its own members who were then practising there, the Society proceeded to train and qualify a body of young accountants brought up in its own traditions and qualified through its own examinations, and it was these men who to-day formed a large percentage of the profession in South Africa. Side by side with these activities the Natal Society of Accountants and the other Provincial bodies were gradually improving their own organisations and training and qualifying their own men through their own regulations and examinations. As years went on the local Societies, helped largely by the influx of young Incorporated Accountants, improved their status enormously. Only two years ago it was pointed out that the local bodies had now advanced to such a stage that it was desirable that the training and qualifying of all accountants in South Africa should be left in their hands. With that bountiful English spirit, this was not only agreed to, but it was further agreed that the South African Societies' training and examinations would be sufficient, with the addition of a final qualifying examination, for membership of the Incorporated Society. This meant that it was possible for young South Africans wishing to become professional accountants to do so under the aegis of the Chartered Societies out there and simultaneously serve articles with the Society and qualify themselves to become Incorporated Accountants. In doing so they obtained an accountancy passport which would carry them all over the world. The South African accountants owed a deep debt of gratitude for this magnanimous attitude. It was not only unknown to the general public but, he ventured to say, its full significance was not yet appreciated by the general body of accountants in South

Africa. He wished to emphasise that this change that had come about was not a parting of the ways. Those who were for the time being responsible for the administration of the profession looked upon the Society as a generous big brother, and felt that its headquarters in London and its branches were always ready and willing to give the benefit of their long experience and sage advice in solving their internal problems. He had the honour of being an Incorporated Accountant himself, but in his capacity as President of the Natal Society of Accountants, he was for the time being the official leader of the profession in Natal. He was now going to take advantage of his official position and that occasion in order to ask the Chairman to convey this message to the Society in London:—

"The Members of the Accountancy Profession in Natal send their best wishes for continued prosperity and even greater success. They send grateful thanks for all that you have done for them in the past, and in building up their own organisation and status they will ever have before them your splendid example and great traditions."

He asked them to drink to the continued prosperity of the Society, coupled with the name of Mr. Hurley, Chairman of the South African (Eastern) Branch.

Mr. A. E. Hurley, Chairman of the Eastern Branch, replied. He said they had met to celebrate the Fiftieth Anniversary of the foundation of the Society. It was not intended to spend a lot of time on the luncheon followed by lengthy speeches, but rather to mark the occasion by holding a Golf Competition for a prize presented by the Society, which would be called the "Commemoration Prize." The luncheon, however, was a necessary preliminary in order that they might all meet and toast the continued prosperity of the Society, which had been so ably and happily proposed by Mr. George, the President of the Natal Society of Accountants. Mr. Hurley read cables conveying greetings from the President and members in England, from the Western Branch, and from the Northern Committee. The celebrations at home would be presided over by Sir James Martin, recently elected President at the unanimous invitation of the Council of the Society. The name of Sir James Martin was known to every Incorporated Accountant, in fact to the whole of the accountancy world throughout the British Empire. It therefore remained only for him to express their deep sense of gratitude to Sir James for his work in the interests of the profession, and to wish him continued health and prosperity so that they might still further benefit from his wide experience and deep knowledge of men and affairs. He felt sure that everyone there would heartily endorse that expression of gratitude and good will, and he asked the Hon. Secretary to convey that message to Sir James. He thanked Mr. George most sincerely on behalf of the Society for his good wishes and expressions of good will, which would be duly conveyed to the Council in London. Coming from the President of a sister society in the Province in which they lived, they would be most gratefully received in London. They were deeply honoured to have with them that day Dr. Stanley Copley (The Mayor of Durban), Mr. L. A. Whiteley (Chairman, Northern Branch of the Society), Mr. P. M. George (the President of the Natal Society of Accountants), Mr. R. Gray (the Receiver of Revenue), Mr. A. O. Jones (the Town Clerk), Mr. T. Eriksen (the President of the Chamber of Commerce), Mr. Lance Horne (the Secretary, Natal Society of Accountants). He asked them to join him in a toast to "Our Guests."

The Mayor of Durban, Doctor Stanley Copley, very ably and aptly replied to the toast of "The Guests."

Mr. E. Clothier stated that as the oldest member of the Institute of Chartered Accountants of England and Wales present at the luncheon, he desired on behalf of other members of the Institute of Chartered Accountants of England and Wales practising in Natal, to associate himself with the message Mr. George asked the Chairman to convey to the Council in London.

After the luncheon a Golf Competition was played over the course of the Durban Country Club, and the Competition was won by Mr. N. E. O. Jones, a member of the Eastern Committee. A small Commemoration Cup was presented by the Eastern Branch.

## Society of Incorporated Accountants and Auditors.

### South African (Northern) Branch.

#### FIFTIETH ANNIVERSARY CELEBRATIONS.

The Fiftieth Anniversary Celebrations in Johannesburg took the form of a lunch and golf competition at the Royal Johannesburg Golf Club on April 5th, 1935.

At the lunch Mr. M. v. d. S. Dreyer, the Chairman of the Branch, presided over an attendance of some sixty members.

Mr. Alexander Aiken proposed the toast of "The Society," which was replied to by the Chairman. The Chairman then proposed the toast of "The Transvaal Society of Accountants," to which Mr. F. H. Allsworth, the President of that body, responded.

The Golf Competition resulted in a win for Mr. G. K. Tucker.

#### Incorporated Accountants' Golfing Society.

The society held their Spring Meeting at Hadley Wood Golf Course on Thursday, April 25, in very indifferent weather.

The prize presented by Mr. C. W. Legge for the medal round was won by Mr. D. C. Brook, 92—18=74, the runner-up being Mr. B. L. Clarke-Lens, 88—10=78.

In the afternoon a four-ball bogey competition was held in pouring rain, and was won by Mr. F. Martin Jenkins and Mr. B. de V. Hardcastle with a score of 4 down.

Members are reminded of the Summer Meeting to be held at Woodhall Spa on June 29th and 30th. A further notice in regard to this meeting will be sent to all members.

#### Indian Accountancy Board.

Mr. G. Basu, B.A., F.S.A.A., Calcutta (Hon. Secretary of the Incorporated Accountants' Bengal and District Society), Mr. E. J. Dastur, B.Com., F.S.A.A., Bombay, and Mr. B. Gupta, B.Sc., F.S.A.A., Patna, have been appointed for a period of three years as members of the Indian Accountancy Board under the Auditors' Certificates Rules, 1932.

#### Personal.

Mr. H. Lomax, F.S.A.A., has been elected Chairman of the Formby Urban District Council, and has also been appointed to the Commission of the Peace.

## Test Methods in Auditing.

PRIZE ESSAY read before the Incorporated Accountants' Students' Society of London and District by

Mr. CHRISTOPHER WALLER.

The subject of this essay implies a review of the considerations which determine the limits of selective or test methods in the examination of accounts, with special reference to additions, postings, vouching, and other items not checked or verified exhaustively. The first consideration which determines whether test methods can be applied is: Does an internal check, or audit, exist, and is it working efficiently? Practically the whole design and structure of test methods is based upon the nature and extent of the internal check. Checking masses of detail does not constitute an audit; if it were so, a machine could probably be used more efficiently and economically than an auditor. Testing, however, can only be a means to an end. It can never be a complete substitute for a full audit. Speed at the expense of accuracy may prove disastrous to the auditor and his client.

The first step, therefore, in considering test methods is to ascertain just how far the internal check applies. A list of the books and accounts records which form the subject of the audit should be obtained, together with a list of the members of the staff responsible for writing up such records. A careful consideration of this primary detail should enable the principal to decide what, if any, test methods can be applied.

It is very probable that this first step may be made by the audit clerk in charge, in which event it is most important that he should enter in his audit notes exactly what tests have been adopted, and by whom performed. He must design his tests to strike below the surface; superficial tests are worse than useless; they may almost amount to dishonesty. Test methods must not be an excuse for slovenly short cuts.

The second consideration is: What test methods shall be applied? This can be best determined by a process of elimination. Fixed assets and liabilities are capable of definite verification. They should, therefore, be eliminated from any scheme of test checking. Floating assets and liabilities are not capable of definite verification, and it is to these that test methods can and should be applied.

Four items which are specially subject to fraud, are stock, debtors, cash, and creditors. These, therefore, should demand the most careful attention on the part of the auditor.

#### Stock.

It must be assumed that the auditor has made an intelligent survey of his client's trading and consequently has something more than a superficial knowledge of the class and type of stock involved. If he is satisfied that the stock recording system is reasonably adequate, the first test to be applied is to see that it is working efficiently. Purchase invoices should be examined, and tests made to ascertain whether stores records are accurate. The goods inwards book, stores ledger, bin cards, and purchase day book all interlock, and a "spot check" of at least three months' entries in the year should prove sufficient.

In selecting the periods for a "spot check," it is inadvisable to select the opening or closing months. If the stores records staff are aware that the auditor only makes a "spot check," they will usually be most careful to see that these two months' records are accurate. For this reason, therefore, other months should be selected.

The opening and closing months should not be neglected, however. Stock manipulation for the purpose of adjusting



by means of an abstract of the cash book in a manner similar to the following:

Balance, January 1st .. ..	- - -
<b>Receipts:</b>	
Sales Ledger .. ..	- - -
Bought Ledger .. ..	- - -
General Ledger .. ..	- - -
Sundry .. ..	- - -
<b>Total .. ..</b>	<b>- - -</b>
<b>Payments:</b>	
Bought Ledger .. ..	- - -
Expense Ledger .. ..	- - -
Sales Ledger .. ..	- - -
General Ledger .. ..	- - -
Sundry, &c. .. ..	- - -
<b>Balance at December 31st (per reconciliation account) ..</b>	<b>- - -</b>

It will be seen that this summary will interlock with the control accounts on the sales, bought, and other ledgers.

An immense amount of detail checking can be saved by this summary, but it is entirely dependent upon the existence of a very efficient internal check.

#### CREDITORS.

The correct verification of liabilities is as important as the audit of debtor balances, and to a certain extent is bound up with the tests made in verifying stock.

Tests will have been made of purchase invoices and the purchase day book. Debits to the bought ledgers will also have been verified by vouching the cash book, and from the summary referred to in the "Cash" section above.

Apart from this, tests cannot very well apply, as the balances will have to be verified in detail from the ledgers, supported by statements from creditors.

If regular monthly settlements have taken place, the total amount outstanding on the bought ledgers should approximately equal the purchases during the last month of the accounting period.

#### ADDITIONS.

Test methods are not satisfactory for additions in ledgers. These will need to be carefully checked.

Cash book additions have been referred to above.

Petty cash book additions should be checked, and also all cross totals of day books.

The day book additions may be tested through the control accounts. If the balances on these accounts agree with the totals of the respective ledger balances extracted in detail, it may be fairly safely assumed that the additions of the day books are correct.

#### VOUCHING.

This most important part of an audit is only too often left to be rushed through in the last few hours, and in most cases where an auditor is charged with neglect, it is because vouching has been improperly done, or even neglected altogether.

As stated in the commencement of this paper, the efficiency of the internal check governs the application of test methods and in connection with vouching, it applies very particularly.

Unless the auditor is absolutely satisfied that the internal check is sound, he should not attempt to apply

test methods to vouching. It is better to be sure than sorry. If test methods are applied they can be used as follows:

(1) A selected period, differing for each book and also for each audit period, should be thoroughly vouched.

(2) A period subsequent to the audit should most certainly be covered for reasons given in the paragraphs relating to stock, debtors, cash, and creditors, above.

(3) Cash book vouching should be thorough, and not subject to selection.

(4) Dividend warrants paid could be subject to test, by selecting a few at random and comparing them with the dividend lists or accounts.

#### EXTENT OF DELEGATION TO JUNIORS.

The delegation of applying test methods must depend entirely upon the knowledge and experience of junior assistants.

Usually the junior has a working knowledge of elementary book-keeping, and provided he understands why he is making the test there is no reason why certain of the more elementary tests should not be performed by him.

Suitable subjects for tests by juniors are: Purchase invoices with stock records, goods inwards book with stock records, stores ledger and bin cards with stock sheets. The price and quantity tests enumerated above.

It is most important that full details should be recorded in the working papers of tests conducted by junior assistants, in order that the audit clerk and his principal may be certain the work has been performed and by whom.

*Instructions to Juniors.*—The responsibility for training a junior efficiently in test methods rests, as in all other audit training, principally with the audit clerk.

He should patiently do his best to see that the junior understands why the test is being applied. When this first step is made successfully, the second step of "how to make the test" will be made more readily.

Practical example is worth far more than theory, and the audit clerk should at first work part of the test through with the junior until he is certain his assistant really understands the test.

A little time expended in this way will be saved many times over in future audits.

The junior should be encouraged to read and study different types of fraud, as this knowledge will develop initiative and interest. It will also go a long way towards explaining why the various tests are made, and the principles involved.

Devising test methods calls for initiative and the skill of a master hand. Equally so does the training of a junior call for patience and skill. Tuition must not be given scrappily or grudgingly. A senior will often benefit from the bright idea of a junior whose brain is not fettered by the mass of detail which sometimes envelops a senior who is responsible for the whole audit.

#### CONTROL BY PRINCIPALS AND SENIORS.

The main methods of control are two. Firstly, audit papers, and secondly, personal visitation to the scene of the audit by the principal or senior.

*First Method.*—The importance of complete and detailed audit working papers cannot be over-emphasised. It is not within the scope of this paper to enter into details of these, except to say that each test applied should be recorded twice; once in a schedule of tests applied, and again by a detailed reference in the working papers.

A principal usually relies entirely upon the working papers for his control and knowledge of the audit. The second method of control is left to the senior.

**Second Method.**—The senior would naturally visit the audit at the commencement, when the main tests would be decided upon in consultation with the audit clerk. Likewise it is customary for him to attend again when the work is nearing completion in order that outstanding questions may be cleared on the spot.

The occasions of these visits should be opportune for control of the test methods.

By the two methods given above, an adequate control would be retained on the application and utilisation of test methods in auditing.

## Society of Incorporated Accountants in Ireland.

### ANNUAL MEETING

The thirty-second annual general meeting of the Irish Branch was held at the offices, 34, Dame Street, Dublin, on May 8th.

The President, Mr. Norman Booth (Belfast) occupied the chair, and there were also present Mr. A. J. Magennis, M.Sc., and Mr. W. L. White (Cork), Mr. J. D. Thompson (Belfast), and Mr. A. H. Walkey, Mr. R. J. Kidney, Mr. R. L. Reid, Mr. C. J. Dalton, Mr. J. G. Dowling, and Mr. G. J. Moore (Dublin). Apologies for non-attendance were received from Mr. Robert Bell and Mr. A. J. Walkey (members of the Council) and other members.

The report of the Council, together with the statement of accounts for the year ended March 31st, 1935, were submitted and adopted. The retiring members of the Council, namely, Mr. A. H. Walkey, Mr. J. A. Kinnear, Mr. A. J. Walkey, and Mr. R. J. Kidney, were re-elected.

The resignation of Mr. James Boyd (Belfast) from the Council was accepted with much regret, and a resolution was adopted thanking Mr. Boyd for the services which he rendered during his long period of service in that capacity. Mr. D. Tilford Boyd, B.Comm. (Belfast) was elected in the place of Mr. James Boyd.

The appointment, during the year, of Mr. R. L. Reid as a member of the Council was confirmed, and the Hon. Auditor, Mr. T. Condren Flinn, was re-elected.

A vote of thanks to the President and the Hon. Secretary terminated the proceedings.

At a Council meeting held at the conclusion of the annual meeting, the following officers were elected for the ensuing year:—President, Mr. A. J. Magennis, M.Sc., Cork; Vice-President, Mr. A. H. Walkey, Dublin; Hon. Secretary, Mr. A. J. Walkey.

### Annual Report.

The Council has pleasure in submitting to the members its thirty-second annual report, and the accounts of the Society for the year ended March 31st, 1935.

### MEMBERSHIP.

The total number of members at March 31st was 171, consisting of 47 Fellows and 124 Associates. There were also 214 student members.

### EXAMINATIONS.

The number of candidates who presented themselves for examination at the Dublin and Belfast Centres in

May and November, 1934, was 94, as compared with 88 in the previous year. The results were as follows:—

	Total.	Passed.
Final .. ..	31 ..	9
Intermediate ..	47 ..	13
Preliminary ..	16 ..	11
	94	33

From April, 1935, Irish Free State candidates for the Preliminary examination may elect to be examined in the Irish language, in lieu of Latin, French, German, or Spanish. Hitherto, Irish was an additional optional subject.

### STUDENTS' SECTIONS.

There were nine meetings for lectures and discussions held in Dublin, and eleven in Belfast. Although the total membership of the two Students' Sections is 214, the average attendance is far below what might be expected, and the Council of the Irish Branch feels that students are not making full use of the facilities provided.

### ANNUAL DINNERS.

The annual dinner of the Irish Branch was held in Dublin on January 26th, Mr. Norman Booth presiding. The guests included the Lord Mayor of Dublin, Mr. Sean Lemass (Minister for Industry and Commerce), and Mr. E. Cassleton Elliott, President of the Parent Society.

The Belfast and District Society held its annual dinner on December 3rd, 1934, when Mr. Robert Bell presided. Amongst those present were: The Lord Mayor of Belfast (Sir Crawford McCullagh), the Minister of Labour (The Right Hon. J. M. Andrews, D.L., M.P.), and Sir Thomas Keens, D.L., representing the President of the Society.

### FIFTIETH ANNIVERSARY OF THE SOCIETY.

The 50th Anniversary Celebrations of the Society took place in London on April 3rd, 4th and 5th, 1935. The President, Sir James Martin, presided over a very large and distinguished company at the Banquet at the Guildhall, and the other functions which followed were also attended to the full capacity of the accommodation. The celebrations concluded with a brilliant Ball at the Dorchester Hotel. Ireland was represented by the respective Presidents and other officers of the Irish Branch and the Belfast and District Society, supported by other members and their guests.

### COUNCIL.

The following members of the Council retire by rotation, and, being eligible, offer themselves for re-election: Mr. A. H. Walkey, Mr. J. A. Kinnear, Mr. A. J. Walkey, and Mr. R. J. Kidney. Mr. James Boyd also retires, but does not seek re-election. Mr. D. Tilford Boyd, B.Com.Sc. (Belfast), has been duly nominated for election to the Council. The appointment of Mr. R. L. Reid requires confirmation in accordance with the provisions of Rule 4 (c).

## Professional Appointment.

Mr. T. J. Dowell, A.S.A.A., has been appointed Borough Treasurer of Willesden in succession to the late Mr. W. A. Henderson. He has been Deputy Treasurer for some years.

## INDUSTRIAL AND PROVIDENT SOCIETIES REPORT.

### AUDITORS' SPECIAL REPORTS.

The following is an extract from the Annual Report of the Chief Registrar of Friendly Societies for the year 1933, giving particulars of the special reports of auditors in certain cases:

Many instances occur every year where the public auditor in his special report on the accounts of a society includes advice as to steps which should be taken to improve the financial position of a society or to put its book-keeping and internal administration on a more satisfactory basis. Although the Registrar urges societies to act upon this advice, some societies ignore it, even where the auditor repeats it from year to year, with the result that they sometimes get into difficulties from which they cannot be extricated.

In the case of the Preston Workmen's Club and Institute, Limited, the public auditor included the following observations in his special report on the accounts for 1932:

"The condition of your books and records has always been a matter of concern, and this year it is necessary again for me to enter a very strong protest at the untidy manner in which the books have been written up and also the absence of any independent corroboration of many of the entries. A very loose system seems to have been adopted in taking incomplete receipts from the steward, none of which bear his signature, whilst the Finance Committee do not appear to have exercised any supervision over the takings.

"On previous occasions I have stressed the question of the responsibility of each individual member of your committee in the general conduct and management of the club. . . .

"In the course of my investigation it was ascertained that a very imperfect system of filing receipts was in force. . . . The past records of the club were not produced to me, and the incompleteness of the bank transactions nullifies the value of the audit.

"The best that can be said is that the balance sheet represents the approximate position of the club, and I must take this opportunity of tendering my resignation. I am satisfied that my work has not been appreciated, and the advice I have given has been ignored."

About a month after the date of this special report the club was closed following the levying of a distress warrant and subsequently the registry of the society was cancelled on the ground that it had ceased to exist. The last balance-sheet of the society had shown an accumulated balance of loss of £618.

Occasionally it is found that an auditor reports the result of his audit to the committee of a society when he should address his report to the members.

In the case of the Birtley District Co-operative Society, Limited, the auditors gave a clear certificate to the accounts, but sent a letter to the committee of management in reference to the omission of certain stock and members' debts from the stock sheets and accounts owing by members respectively. These omissions were stated to have been disclosed after the departmental accounts had been prepared. These matters should have formed the subject of a special report to the society, and the return was therefore sent back for the audit certificate to be amended and a special report to be made by the public auditors accordingly.

## Reviews.

### Spicer & Pegler's Examination Notebook. 9th Edition.

By W. W. Bigg, F.C.A., F.S.A.A., and H. A. R. J. Wilson, F.C.A., F.S.A.A. London: H. F. L. (Publishers), Ltd., 19, Fenchurch Street, E.C. 208 pp. Price 6s. net.)

In the new edition this book has been considerably enlarged, and effect has been given to the requirements of current examination syllabuses. It is not intended as a text-book, but only as an assistance to examination candidates during the revision period immediately prior to presenting themselves for examination. The matter is accordingly highly condensed, and in order to facilitate easy reference, it is classified under the different subjects, each of which has its appropriate sub-divisions, the alternate leaves being left blank for the purpose of making notes. The whole range of subjects included in accountancy examinations (other than the Preliminary) is covered.

### The Company Secretary's Guide and Record. By

W. J. Watt, A.C.A. London: Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway, W.C. (40 pp. Price 7s. 6d. net.)

The form of this publication is somewhat out of the ordinary. The object of the author is to provide in simple form a complete time-table of the requirements of the Companies Act, 1929, together with a record of their fulfilment. This he does by setting out in the margin the requirements of the Companies Act under the different heads, leaving space on the right for a record showing how and when they have been complied with. The headings include Commencement of Business, Registered Office, Allotment, Calls, Forfeiture of Shares, Directors and General Meetings, Resolutions, Debentures, &c. In each case the brief summary of requirements is supplemented by a reference to the section of the Act bearing upon the matter. The appendix contains some notes for the guidance of company secretaries as to procedure on the formation of a company, &c. There are also some general notes regarding other matters, and a table giving a list of the books and registers required by statute to be kept, and when and to whom they are to be open for inspection.

### Office Organisation and Management. By Lawrence

R. Dicksee, M.Com., F.C.A., and Sir Herbert E. Blain, C.B.E. 10th Edition by Stanley W. Rowland, LL.B., F.C.A. London: Sir Isaac Pitman & Sons, Ltd., Parker Street, Kingsway, W.C. (310 pp. Price 7s. 6d. net.)

This is a book for the business man, giving information as to matters arising in the management, the general control, and the work of the office. The author deals, *inter alia*, with customs procedure time records and wages sheets, the balancing of the books, returns to be made in the case of limited companies, and various matters of a more or less legal character. There are also chapters on departmental and branch accounts, and information with regard to insurance, &c. The utility of the book is enhanced by various diagrams and forms.

### Ranking, Spicer & Pegler's Arbitration and Awards.

6th Edition. By C. A. Sales, LL.B., F.S.A.A., and W. W. Bigg, F.C.A., F.S.A.A. London: H.F.L. (Publishers), Ltd., 19, Fenchurch Street, E.C.3.

A new edition of this work has been necessitated by the passing of the Arbitration Act, 1934, the provisions of which have been incorporated together with particulars of cases of importance decided since the publication of the previous edition. The full text of the new Act is also given in the appendix. The book is well produced and adequately covers the ground of the examinations of the leading accountancy bodies.

## Incorporated Accountants' South Wales and Monmouthshire District Society.

### ANNUAL DINNER.

The annual dinner of the Incorporated Accountants' South Wales and Monmouthshire District Society was held at the Park Hotel, Cardiff, on April 26th, under the chairmanship of the President, Mr. Tudor Davies. The function, which was highly successful, was attended by about 200 members and guests, including:—

The Deputy Lord Mayor of Cardiff (Councillor James Griffiths, J.P.), the Deputy Lady Mayoress (Mrs. James Griffiths), Mrs. Tudor Davies, Lord Davies of Llandinam; Mr. C. Hewetson Nelson, J.P. (Vice-President, Society of Incorporated Accountants), The Mayor and Mayoress of Newport (Councillor and Mrs. W. F. E. Smith), the Mayor of Merthyr (Councillor David Davies), Mr. Edgar J. Lewis (High Sheriff of Monmouthshire), Sir Harry Cousins (Registrar, Cardiff County Court), Mr. R. Wilson Bartlett, J.P., Mrs. R. Wilson Bartlett, Sir Thomas G. Allen, Mr. Stanley Evans, M.A. (Stipendiary Magistrate, Pontypridd), Mr. R. J. Langmaid (President, Newport Chamber of Commerce), Mr. H. C. Bolter (Chairman, Cardiff and Bristol Channel Shipowners' Association), Mr. G. Leighton Seager, C.B.E. (Past President, Cardiff Chamber of Commerce), Mr. John Rowland, C.B., M.V.O., C.B.E. (Chairman, Welsh Board of Health), Alderman Sir Iltyd Thomas, J.P., Mr. A. A. Garrett, M.B.E. (Secretary, Society of Incorporated Accountants), Rev. Canon David Phillips, B.A., R.D., Alderman David Lewis, J.P. (Chairman, Glamorgan County Council), Mr. Trevor J. Shackell (President, Incorporated Law Society of Cardiff and District), Mr. Walter Meacock, F.C.A. (President, South Wales and Monmouthshire Society of Chartered Accountants), Mr. D. Kenvyn Rees (Town Clerk, Cardiff), Mr. Fred C. Payne (President, Newport Chamber of Trade), Mr. R. J. Rimell (President, South Wales and Monmouthshire Branch of Chartered Institute of Secretaries), Mr. J. W. D. Milward, F.C.I.S. (Vice-Chairman, Bristol Channel Association of Chartered Shipbrokers), Mr. A. G. Webb, B.Sc., A.I.Mech.E. (Headmaster, Newport Technical College), Mr. G. C. Diamond, M.A. (Headmaster, Cardiff High School), Mr. W. J. Williams, M.A. (Director of Education, Cardiff), Dr. D. W. Oates, M.A., D.Sc., F.C.P. (Headmaster, Newport Secondary School), Mr. Emrys David (Clerk to the Bridgend Assessment Committee), Mr. J. W. Kinsman, F.C.A. (Hon. Secretary, South Wales and Monmouthshire Society of Chartered Accountants).

The Right Hon. LORD DAVIES OF LLANDINAM, in submitting the toast of "The Society of Incorporated Accountants," remarked that the membership had now reached 6,384. He said that the President (Sir James Martin) was the real founder of the Society. He also paid tribute to the Vice-President (Mr. C. Hewetson Nelson, J.P.), to whom the Society owed so much, and in addition, to the President of the South Wales District Society, Mr. Tudor Davies. He noticed that they were one of the oldest District Societies in the country, with a membership of 187 members and 183 students. He was sure all would agree that the students were perhaps the most important part of the Society. The students appeared to take the work of the Society very seriously, because he gathered that not only did they have a series of lectures, but their activities also ran to golf and football. After referring to the great work of Mr. F. J. Alban, C.B.E., in connection with the King Edward VII Welsh National Memorial Association, Lord Davies made humorous reference to a shock which he received after endeavouring to explain at a few days' notice the abstract of accounts of a railway company to an infuriated board

of directors, adding that he had never recovered from that shock and had always looked upon accountancy with great admiration and awe. Accountancy was the foundation of all sound business in this country and in every other country. When he considered the great development which had taken place in the commerce and trade of our country during the past 100 years, he could not help feeling that had there not been a corresponding development in accountancy, the growth in commerce would have been on a very insecure foundation. Someone had once said that an Englishman's word was his bond; but someone also said that he could fall back on concrete figures, carefully checked, so that he knew in advance that he could honour his commitments. Accountancy in other countries could learn a great deal from accountancy in this country, and he thought it would be a great thing if in Europe some common system were evolved for dealing with the affairs of industrial and commercial concerns. In piling up colossal armaments various nations were throttling trade and bringing exchanges to a chaotic condition. One heard much at all times about national sovereignty. Though he did not know exactly what that meant, it would be interesting to know what it meant to Britain in terms of money during the past 100 years. Large sums had been spent, in increasing amounts, on armaments to provide security for our country. In this competition for armaments, however, we did not get security because the nations forgot that they were trying to win security and strove for supremacy, which was a different thing. Instead of trying to win security by those competitive methods, the country should adopt an insurance policy. Insurance meant entering into a mutual obligation to contribute towards the means of founding security and standing up to any liability which such a course involved. All should be unanimous in their desire to set up two institutions—a tribunal to settle all disputes and an international police force. The financial aspect of these institutions was one that called for the consideration and study of accountants. He could hardly say how delighted the League of Nations Union would be to receive their aid in settling those problems. Lord Davies coupled with the toast the name of Mr. C. Hewetson Nelson, the Vice-President of the Parent Society, and said Mr. Nelson had been President of the Society from 1913 to 1916. This year, when the Jubilee of the Society was being celebrated, Mr. Nelson had been recalled and appointed Vice-President, and all were delighted with his presence that evening. (Applause.)

Mr. C. HEWETSON NELSON, responding to the toast, said all felt honoured by the presence of Lord Davies. He could not refrain from mentioning the work which Lord Davies had recently done for the University College of Wales at Aberswyth. He was also glad to be present to congratulate Mr. R. Wilson Bartlett, because it was anticipated that on the 15th of next month he would be elected to the chair of the Society. That was a very important step in the history of the Society, for it would be the first time for a member of the South Wales District Society to be President. Mr. Bartlett was President of the South Wales District Society in 1927, and in 1929 he joined the Council in London. He had also been elevated to the magisterial bench in his own town. In addition, he had taken a most active part in the Cambridge Course two years ago. As chairman of the Examination Committee, Mr. Nelson said he had always been impressed by South Wales students, because they did extremely well in the examinations. He felt sure that there was nothing in the whole of the country to beat their record. In 1909 first place in the honours list had been taken by Mr. F. J. Alban and sixth place by Mr. R. Wilson Bartlett. The successes in succeeding years had been equally good.

While the average successes for the whole of England and Wales for the past fifteen years had been 53 per cent. of those who tried, the average for South Wales was 60 per cent. He thought he was justified in submitting that the young men of South Wales had done well for the Society. He was still of opinion that the most important work the Society had to do was the preparation of candidates for examination. It was the only thing that was going to raise the status of the Society. The Deputy Lady Mayoress had rather hinted to him that fewer women went in for the profession than one would like to see. The fact was that he had taken the first woman articulated clerk in the country. She was a graduate of Liverpool University and had a good degree, but when only a month remained before she was due to sit for her Final examination she walked into his office and declared that she was going to get married the following week! Nevertheless, seven women qualified in 1933 and altogether up to the present time more than 60 had qualified. Speaking of the Secretary of the South Wales Society (Mr. Percy H. Walker), Mr. Nelson paid tribute to his organising work in the district over a period of years. On his own behalf and on behalf of the President (Sir James Martin) he wanted to say how very much Mr. Walker's work was appreciated in London.

Mr. ALFRED E. PUGH (Newport), Vice-President of the District Society, proposed "Trade, Commerce and Industry." He said it was reassuring to notice that the unemployment figures were diminishing, more workers were in employment and the number of passengers carried by the railways last January showed an increase over January, 1934. The fact that more people were travelling showed that trade was on the up-grade. More ships were being built, and when the nations of the world returned to sanity and realised that unless they bought they could not sell, that the pathway to prosperity was the free exchange of goods, recognising that almost every country had an advantage in the production of some particular commodity, then Britain, first of maritime nations, would be in a position to take advantage of the increased trade. Again, there was a budget surplus, and never had Britain's prestige stood higher in the financial markets of the world. In his presidential address to the Associated Chambers of Commerce of Australia, Sir Robert Knox had paid a wonderful tribute to Great Britain in what he described as "the tremendous assistance she gave to Australia in her time of crisis." For the future, Sir Robert said, "We must stick as closely as we can to Great Britain, that mighty rock in a world of shifting sands." It was well occasionally to take stock of one's achievements on the positive side, remembering that fortunately the worst disasters seldom occurred. But we also had to recognise the facts. The marked improvement in trade was not general throughout the country, and was not being shared in equally by all industries. The greatest recovery was in the home markets, and if unemployment figures were to be substantially reduced the export trade would have to be recovered. There were many misconceptions regarding South Wales. It had been a hive of industry and would be so again; but at present there were peculiar difficulties. In a world of tariffs, coal to-day was one of the most vulnerable of products. Tariffs had been brought in for the benefit of the country as a whole. Some districts had benefited; others had not, or very little, and South Wales was one. Such districts had a call upon the Government for special consideration, and no better assistance could be given than help in the establishment of new industries, particularly the erection of a plant for the extraction of oil from coal. One could only hope that the coalowners of South Wales were doing all they could in that direction.

The erroneous belief that South Wales was more prone to strikes than other parts had been refuted by figures; but as peace internationally was vital for trade, so was peace industrially, not only in this district but in all districts. The vogue to-day was combines and amalgamations, enactments and regulations, an incessant demand for planning from without. Because a thing was big it did not mean it was good. Some day the country would return to a unit of size which a man was capable of managing. Britain seemed to be turning the corner, but people were inclined to look for a great leader who would bring them to the promised land, forgetting that during the great crisis through which the country had passed in the past 20 years, it had not been the admiral, the general, the politician nor the captain of industry who had saved Britain, but the common sense of the common people. Mr. Pugh coupled with the toast the names of the Deputy Lord Mayor of Cardiff (Capt. James Griffiths) and Mr. R. J. Langmaid (President of the Newport Chamber of Commerce).

THE DEPUTY LORD MAYOR OF CARDIFF (Captain James Griffiths), in his response, spoke of the problem of distribution as the only one that remained in world trade. The problem of production had been solved. Cardiff occupied one of the best geographical positions in Britain as it was in a direct route with America and various other parts of the world.

THE MAYOR OF NEWPORT (Councillor W. F. E. Smith), also responding, said that trade to-day was only about 75 per cent. of what it was in 1929, though this year there was a slight improvement on last year.

MR. R. J. LANGMAID, President of the Newport Chamber of Commerce, who likewise responded to the toast, said that on the whole Britain had reason to be proud of its position compared with most countries in the world. In fact, the country had been rescued from a position of acute danger. The Budget had been balanced, cuts in official salaries had been restored and concessions had been made in taxation. He supposed that the Chancellor of the Exchequer would say that the National Government had, in the words of the Psalmist, brought us out of a horrible pit, out of the miry clay, and set our feet upon a rock. It might be a good thing to shout about the country's successes and strong points, but it was fatal to neglect the weak spots. In proclaiming recovery, the Government should not be allowed to wrap itself up in the inertia of a complacent optimism. One of the weak spots, and the biggest, was the drop in our export trade. Last year there was an improvement of 30 million tons, but when that was compared with a previous drop of 360 millions it was clear that there was a long way to go to make up that deficiency. South Wales was chiefly affected by the depression in the coal industry and its effects on shipping. Agreements with other countries so far had benefited mostly other parts of the country, and it was small consolation to South Wales to know that other areas were doing well. He thought it was quite time that the Government did something to assist the coal trade in South Wales. With the development of foreign coalfields, the use of other forms of power and especially the great increase in the use of oil, they would have to wait a long time to see the coal trade prosper under conditions that had obtained in the past. He had repeatedly urged that steps should be taken to establish plant in South Wales for the extraction of oil from coal. South Wales was told to wait the result of the Imperial Chemical Industries experiment in Durham, but he did not think that was at all necessary. Sufficient evidence had been secured to prove that the project could be made a commercial success, and if successive Govern-

ments could find 40 millions for the beet sugar industry, surely seven or eight millions could be found if only by way of a loan, to set on foot in South Wales a new industry of immense value, which would put new life into the valleys of this depressed area and new hope into the hearts of thousands of men whose manhood was being sapped by soul-destroying idleness. Incorporated Accountants played an important part in the trade and industry of the country. He congratulated them on attaining their Jubilee and on the high and influential position the Society held among the professions, due in no small measure to the calibre of the members from South Wales. Their fifty years had seen immense changes. No longer were companies allowed to play fast and loose with their finances, and where the law did not demand it prudence demanded the services of qualified accountants in all trade and business enterprises. In times of depression the advice of accountants became invaluable, and looking to the future it would be their part as financial advisers to assist the men of trade, commerce and industry to struggle out of the morass of depression on to the high and solid road to national prosperity.

The CHAIRMAN (Mr. Tudor Davies) submitted "Our Guests." He said that there were present representatives of religion, education, trade, industry and commerce, national administration, local government administration and many of the professions. They were greatly honoured in having with them Lord Davies, who had come at no little inconvenience. His untiring efforts in the war against disease had earned for him the gratitude of every right-thinking man and woman in this country. After referring to the presence of the Mayor of Newport, he asked the Mayor of Merthyr (Councillor David Davies, J.P.), who was also present, to convey to his people from the Incorporated Accountants a message of hope and encouragement in the difficult times through which they passed. Mr. Davies coupled with the toast the name of Sir Harry Cousins.

Sir HARRY suitably responded, as also did Sir WALTER MEACOCK, F.C.A., President of the South Wales and Monmouthshire District Society of Chartered Accountants.

## QUESTIONS IN PARLIAMENT.

### Income Tax (Obsolescent Plant).

On May 7th Mr. L. SMITH asked the Chancellor of the Exchequer whether, in view of the dissatisfaction of trade and industry with the present reliefs for obsolescence of plant, machinery and buildings, he has any information showing what encouragement is given to industries in other countries to provide themselves with the latest and most efficient equipment?

Mr. CHAMBERLAIN: The taxation developments in certain other countries are kept under review, but I would remind my hon. Friend that where the taxation system is different, as it is generally in foreign countries, one particular item cannot reasonably be selected for the purpose of comparison. I may add that I do not admit the implication in my hon. Friend's question that the existing income tax allowance for obsolescence is not adequate.

### Fixed Trusts.

On May 21st Mr. REMER asked the President of the Board of Trade whether he can now report what result has developed from consultations with the Board of Trade with the Committee of the Stock Exchange, designed to prevent concealment under the title of a limited liability company of the names of persons who receive fees and/or profits as managers of fixed trusts in respect of which subscriptions are invited by them from the public?

Mr. RUNCIMAN: I am informed that the matter is still engaging the attention of the Committee of the Stock Exchange.

## District Societies of Incorporated Accountants.

### LONDON.

#### ANNUAL MEETING.

The annual meeting of the London and District Society was held on May 28th, the Chairman, Mr. Walter Holman, presiding.

In moving the adoption of the report and accounts for the year ended March 31st, 1935, Mr. Holman said he was glad that the support of the various meetings and functions organised during the year showed an improvement over the previous year. He and the Committee were anxious to extend the activities of the District Society so as to provide for the needs of the 2,000 Incorporated Accountants in London and district.

Mr. Henry Morgan, the Vice-Chairman, seconded the adoption of the report and accounts, which were passed unanimously.

The following retiring members of the Committee were re-elected on the proposition of Mr. William Paynter, seconded by Mr. J. Scott-Moore:—Mr. Edward Baldry, Mr. W. Norman Bubb, Mr. H. E. Colesworthy, Mr. E. Cassleton Elliott, Mr. F. Martin Jenkins, and Mr. Joseph Stephenson.

Mr. C. B. Hewitt was elected honorary auditor, and a vote of thanks was passed to Mr. Hewitt for his services during the past year.

In proposing a vote of thanks to the Chairman, Sir Thomas Keens said they were very pleased that Mr. Walter Holman had been elected Vice-President of the Society of Incorporated Accountants and Auditors. Mr. Richard A. Witty seconded the resolution, which was passed with acclamation.

At a meeting of the Committee held immediately afterwards, the following officers were elected:—Chairman, Mr. Henry Morgan; Vice-Chairman, Mr. Edward Baldry; Treasurer, Mr. J. Scott-Moore; Secretaries, Mr. A. A. Garrett and Mr. Ernest E. Edwards. Mr. Robert Ashworth was elected to fill a casual vacancy on the Committee.

### Report.

The Committee have pleasure in submitting the annual report for the year ended March 31st, 1935, and in recording that six meetings and functions were held.

The proceedings of the past year opened with a luncheon given in October at the Hotel Victoria, in honour of Sir Thomas Keens, D.L., who was the first Chairman of the District Society. There was a large company of members and guests. A further function was arranged in January, 1935, when the Society had the pleasure of entertaining to dinner at Incorporated Accountants' Hall the Right Hon. Sir William Jowitt, K.C. This was one of the most enjoyable functions arranged by the District Society. Sir William Jowitt spoke on the responsibilities of auditors.

Dances held at Incorporated Accountants' Hall continued to be attractive to the members, and two were held during the past year, one in December and one in February.

The Committee decided, as in previous years, to arrange two lectures, one in the early part of the session, and one towards the end.

The officers and Committee are indebted to Mr. Harold Macmillan, M.P., for his valuable address on "Reconstruction." His suggestions for improving industrial stability stimulated an interesting discussion. Mr. R. B. Dunwoody, C.B.E., Secretary of the Association of British Chambers of Commerce, was kind enough to accept an invitation from the Committee, and on February 19th, 1935, he gave an address on "The Work of Chambers of Commerce," in which he emphasised the work which fell to accountants in relation to the activities of Chambers of Commerce.

The Committee are giving careful consideration to the programme of arrangements for 1935-36, and they again look forward to the support of the members in London and the Metropolitan area.

### BELFAST.

The annual meeting of the Belfast and District Society was held in the Society's Rooms on April 29th. The report and financial statement for the year to March 31st, 1935, were adopted.

The following members of the Committee, who retired in accordance with the rules, were re-elected: Mr. James Baird, Mr. Robert Bell, Mr. Norman Booth, Mr. J. S. White. Mr. W. Keith was elected to fill the vacancy caused by the retirement of Mr. James Boyd.

At a meeting of the Committee held immediately after the annual meeting, the following office bearers were elected:—President, Mr. Robert Bell; Vice-President, Mr. J. S. White; Hon. Secretary and Treasurer, Mr. H. McMillan; Hon. Auditor, Mr. C. Magee.

At the annual meeting of the Students' Section Mr. H. Andison and Mr. J. A. Winnington were elected as the representatives of the Students' Section on the Committee.

### DEVON AND CORNWALL.

#### ANNUAL MEETING.

The first annual general meeting was held at Plymouth on May 3rd, when Mr. W. J. Ching presided.

The minutes of the general meeting of August, 1934, were read and confirmed.

The President gave a short summary of the events of the year, and the report was adopted on the proposition of Mr. Budge, seconded by Mr. Bull. Mr. Roberts, Mr. Taper, Mr. Beer, and Mr. Pascho were elected to the Committee. After discussion, it was resolved that the formation of a Students' Section be seriously considered by the Committee.

At a committee meeting held immediately after the annual general meeting, Mr. W. J. Ching was re-elected President for the ensuing year. Mr. W. W. Beer, of Exeter, was re-elected Vice-President, and Mr. Roberts and Mr. Pascho were re-elected Treasurer and Secretary respectively.

The question of an inaugural dinner was further discussed, and the President and Secretary were appointed a sub-committee to deal with the matter.

It was resolved that the President and Secretary should represent the District Society at the District Societies Conference on May 16th.

#### Annual Report.

The Committee have pleasure in presenting the report of the work of this District Society from the date of formation—July 18th, 1934—to March 31st, 1935.

The present membership is 141, represented by 24 Fellows, 53 Associates, and 64 Students.

The following lectures were given:—

"Sale of Goods," by Mr. O. Griffiths, M.A., LL.B., Barrister-at-Law.

"Auditing," by Mr. V. H. M. Bayley, A.S.A.A., A.C.A.

"The Accountant in Municipal Service," by Mr. R. W. Taper, A.S.A.A.

"Income Tax and the Accountant," by Mr. C. G. Strick, H.M. Inspector of Taxes.

"Bills of Exchange," by Mr. O. Griffiths, M.A., LL.B., Barrister-at-Law.

"Statistics," by Mr. C. L. Lawton, B.Sc. (Econ.), A.C.A.

"Company Law," by Mr. O. Griffiths, M.A., LL.B., Barrister-at-Law.

At the examinations of the Society held in November, 1934, six students were successful in the Final (one with Honours), and four in the Intermediate.

Mr. Roberts, Mr. Taper, and Mr. Pascho retire from the Committee under Rule 5 (b). They are eligible, and offer themselves for re-election. Mr. W. W. Beer retires under Rule 5 (d), and is eligible for re-election.

### LIVERPOOL.

#### Annual Report.

The Committee has pleasure in submitting to the members the report and accounts for the year ending March 31st, 1935.

#### MEMBERSHIP.

The figures of the membership of the Society (on March 31st) for the past three years are as follows:

	1933	1934	1935
Fellows ..	70	70	69
Associates ..	204	208	211
Students ..	211	224	239
	485	502	519

#### OBITUARY.

We record with deep regret the death during the year of Mr. Frederick J. Coombes (Fellow) and Mr. W. M. Dodd (Associate). Mr. Coombes had served as a member of the Liverpool Committee for many years, and his early death is a great loss to the Liverpool Society.

#### MEETINGS.

The following meetings have been held during the year: Visit to Liverpool G.P.O. and Telephone Exchanges.

"Income Tax: Dominion and Irish Free State Reliefs," by Mr. Maurice Lyell, Barrister-at-Law.

Students' Impromptu Speeches for President's and Vice-President's Prizes.

"The Internal Organisation of an Accountant's Office," by Mr. Charles M. Dolby, F.S.A.A.

"Municipal Accounts," by Mr. J. Boucher, F.S.A.A., Borough Treasurer, Wallasey. (At Chester.)

"Training for the Accountancy Profession," by Mr. Richard A. Witty, F.S.A.A.

Joint Debate with Liverpool Chartered Accountants Students' Association: "That in the opinion of this House, Trade Subsidies are a bar to progress."

"The American Experiment," by Mr. Hugh Lewis, J.P.

"Law in Daily Life," by Mr. Bertram B. Benas, B.A., LL.B., Barrister-at-Law. (At Chester.)

"Articles of Association," by Mr. Harold Brown, M.A., LL.B., Barrister-at-Law. (Joint Meeting with the Chartered Institute of Secretaries, Liverpool Branch.)

"International Trade and International Agreements," by Dr. W. H. Coates, LL.B., B.Sc. (Director of Imperial Chemical Industries, Ltd.).

"Duties and Liabilities of Auditors," by Mr. C. W. Reid, B.Sc. (Econ.), A.S.A.A. (At Chester.)

"The Law Relating to Public Issue of Shares and Debentures," by Mr. E. Westby-Nunn, B.A., LL.B., Barrister-at-Law.

Mock Income Tax Appeal, arranged by Mr. L. Bailey, A.S.A.A.

Joint Debate with Liverpool Law Students' Association: "That this House is of the opinion that national security can only be obtained by total disarmament."

"Profits and their adjustment for Balance Sheet Purposes," by Mr. P. Taggart, F.S.A.A. (Lecturer in Accounting, University of Liverpool). (At Chester.)

"Business Accounts and how to read them," by Sir Thomas Keens, D.L., F.S.A.A. (At Southport.)

"Partnership Law," by Professor W. Lyon Blease, LL.M. (The University of Liverpool).

The Committee desires to record its grateful thanks to the Lecturers and to the Constitutional Club for the facilities provided for the Liverpool Meetings.

#### ANNUAL DINNER.

The annual dinner of the Society was held at the Adelphi Hotel, on February 8th, a full report of the proceedings appearing in the March issue of the *Incorporated Accountants' Journal*.

#### MEMBERS' DINNERS.

Five informal Members' Dinners have been held in connection with the following addresses:—

"Training for the Accountancy Profession," by Mr. Richard A. Witty, F.S.A.A.

"The American Experiment," by Mr. Hugh Lewis, J.P., Member of the Councils of the London School of Economics and of the University of Liverpool.

"Law in Daily Life," by Mr. Bertram B. Benas, B.A., LL.B. (At Chester.)

"International Trade and International Agreements," by Dr. W. H. Coates, LL.B., B.Sc., Ph.D.

"Business Accounts," by Sir Thomas Keens, D.L., F.S.A.A.

#### VISIT TO BIRMINGHAM.

By kind invitation of the Birmingham District Society, forty members took part in a most enjoyable visit to Birmingham on October 12th. The arrangements included an inspection of Messrs. Cadbury's works at Bourneville, an address by Mr. Charles Lefevre, A.S.A.A. (Assistant Chief Accountant to Messrs. Cadbury, Limited), and an Inter-Society Debate on "Secret Reserves," the Liverpool Committee afterwards being entertained at dinner at the Queen's Hotel.

#### LIBRARY.

The increasing use of the Library facilities reported last year has continued, the number of issues having doubled in two years. The Committee records with gratitude gifts from Mr. Bertram B. Benas, Mr. J. Tindall Bunch, the Parent Society, and the London Students' Society.

#### CONSULTATIVE COMMITTEE.

The Consultative Committee set up two years ago has continued its activities, and members are invited to avail themselves of the facilities provided for speedy consultation on difficult points of practice.

#### STUDENTS' SECTION.

Revision classes have been taken on Friday evenings during the winter by practising members of the Society, to whom special thanks are due. In addition to the customary debates with the Law Students' Association and the Chartered Accountants Students' Society, a meeting for impromptu speeches has been held, the

President's and Vice-President's prizes being won by Mr. Douglas Colquhoun and Mr. James W. Brown respectively.

A tennis tournament took place at the University Sports Grounds on September 15th, and a successful dance was held at Reece's Ballroom on November 22nd.

#### EXAMINATION RESULTS.

The Committee extends its congratulations to the Students who were successful at the examinations of the Parent Society. Eighteen passed the Final, and fourteen the Intermediate.

The Liverpool Examination Prizes have not been awarded this year, no member having taken Honours.

#### PARENT SOCIETY.

The Committee desires to record its thanks to the Council and Officers of the Parent Society for assistance and encouragement in many ways. During the year, the Council of the Parent Society was able to adopt a suggestion of the Liverpool Society that a professional Course should be held for recently qualified members, the meetings being held at Caius College, Cambridge, from July 4th to 8th with entire success. A proposal for the formation of a Research Committee has also been accepted by the Council.

Members of the Liverpool Committee had the pleasure of meeting informally the Secretary of the Parent Society, Mr. A. A. Garrett, M.B.E., M.A., at the Constitutional Club on February 18th. The President, Hon. Treasurer, and Hon. Secretary were present at the annual District Societies' Conference held in London last May.

#### LIVERPOOL CHAMBER OF COMMERCE.

The Society during the past year has been represented on the Council of the Liverpool Chamber of Commerce by the President and by Mr. Alan Standing.

#### COMMITTEE AND AUDITOR.

The retiring members of the Committee are Mr. L. Bailey, Mr. S. W. Hanscombe, M.B.E., Mr. R. Lewin, Mr. W. G. Lithgow, and Mr. Charles Tunnington, who are eligible for re-election.

The retiring Auditor, Mr. R. Duncan French, C.C., is eligible for re-appointment.

#### NEWCASTLE-UPON-TYNE.

##### Annual Report.

The Committee have pleasure in presenting their report for the year ended March 31st, 1935, and desire to place on record a very cordial expression of thanks to the gentlemen who gave lectures last session.

The membership at March 31st, 1935, was 40 Fellows, 163 Associates, and 200 Student Members, a total of 403, as compared with 395 at March 31st, 1934.

It is with great regret the Committee have to report the death of a member of the Society, Mr. William Brittain.

The annual dinner was an outstanding success, there being a record attendance of members and guests.

#### LECTURES.

The following lectures and meetings were held at Newcastle, Middlesbrough and Sunderland:—

##### At Newcastle-upon-Tyne.

Formal Induction of President (at Douglas Hotel).

"Banking," by Mr. G. H. Mouat, Lloyds Bank Limited. Annual Dinner at Royal Station Hotel.

"Problems of Practice," by Mr. T. R. G. Rowland, F.S.A.A. (meeting for qualified members).

"Practical Hints for Accountancy Students," by Mr. W. H. Stalker, A.S.A.A.

"English and American Methods of overcoming the Trade Depression," by Mr. E. Allen, M.A.

"History and Administration of Income Tax," by Lt.-Col. B. Peatfield, Clerk to the Commissioners.

"The Stock Exchange," by Mr. M. J. Mail.

"Costing," by Mr. W. W. Bigg, F.S.A.A., F.C.A.

"That the Audit of Limited Companies should be conducted by a State Department." Debate at Newcastle with Middlesbrough Members.

Visit to New County Hall.

"Executorship Accounts," by Mr. H. A. R. J. Wilson, F.S.A.A., F.C.A.

Meeting for Qualified Members.

"Municipal Finance, a Hotchpot," by Mr. R. D. Lambert, F.S.A.A., Borough Treasurer, West Hartlepool.

At Middlesbrough.

"Executorship Law," by Mr. R. M. Beckwith, Solicitor. (Four lectures.)

"That the present Examination System is Unfair," Debate with Newcastle members at Middlesbrough.

At Sunderland.

Garden Party at Mr. W. Metcalfe McKenzie's house.

"An Outline of the Law of Contract," by Mr. W. A. Ellis, Solicitor.

"Main Points Arising under Schedule D," by Mr. W. P. Sawyer, H.M. Inspector of Taxes.

During the year an increased number of lectures were held at Newcastle, the subjects being mainly of a practical nature, with the result that attendances have shown a definite improvement. Several new features have been introduced during the year. A garden party was held at Sunderland which was very well attended. The Session at Newcastle opened with a President's Night, when the new President was installed and a pleasant social evening was held. Two lectures have been held at Sunderland during the session, and these showed that there was a demand from the Sunderland members for such facilities. Two meetings for qualified members have been held at Newcastle, at which current problems were discussed, and the members attending felt that these meetings served a useful purpose and should be repeated during next session.

#### EXAMINATION RESULTS.

Eleven students passed the Final examination and sixteen the Intermediate.

#### COMMITTEE.

The following retire by rotation, but are eligible for re-election: Mr. F. W. Smith, Mr. C. P. Barrowcliff, Mr. H. S. Parkin, Mr. T. R. G. Rowland, and Mr. T. Rodger. Mr. T. W. Scollick, Mr. A. C. Churchill, Mr. F. S. Rowland, and Mr. G. Blakelock have been nominated for election.

#### FIFTIETH ANNIVERSARY CELEBRATIONS.

The 50th anniversary celebrations of the Society took place in London on April 3rd, 4th, and 5th, 1935. The District Society was represented by the President, the Hon. Secretary and other members.

#### PARENT SOCIETY AND DISTRICT SOCIETIES.

The President and Hon. Secretary have attended the official functions of various Northern District Societies during the year and the Conference of Representatives of District Societies held in Incorporated Accountants' Hall, London, in May, 1934.

### NORTH LANCASHIRE.

#### Annual Report.

The Committee have pleasure in presenting a report on the work of the Society for the year ended March 30th, 1935.

#### MEMBERSHIP.

	1934	1935
Fellows .. ..	35	33
Associates .. ..	97	100
Students .. ..	105	96
	<hr/> 237	<hr/> 229

There was an aggregate decrease during the year of eight members.

#### LECTURES.

The following lectures were delivered:—

"Economics," by Mr. C. McAuley, A.S.A.A., B. Comm.

"Partnership Accounts," by Mr. A. Lord, A.S.A.A.

"Contracts," by Mr. R. F. Cartwright, LL.B., Solicitor.

"Mechanised Accountancy: Its Justification and its Influence on Audit Technique," by Mr. T. L. Poynton, Borough Treasurer, Blackpool.

"Company Law," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Receivers for Debenture Holders, including Accounts," by Mr. C. A. Sales, LL.B., F.S.A.A.

"Sundry Interesting Points in Accountancy," by Mr. A. S. Oldman, A.C.A., A.S.A.A.

#### EXAMINATIONS.

Congratulations are extended to Students who were successful at the Parent Society's examinations in May and November, 1934. Nine passed the Final and five the Intermediate.

#### LIBRARY.

Twenty-nine volumes have been added to the library during the year. Books may be borrowed on application to the Hon. Secretary, and will be forwarded post free to out-of-town members. Books must be returned within fourteen days post paid.

#### PARENT SOCIETY.

The Committee again record their thanks to the Council and Officers of the Parent Society for their continued interest and support. Mr. W. Allison Davies represented the Society at the Annual Meeting of Representatives of District Societies, held in London in May, 1934.

#### COMMITTEE.

The retiring members of the Committee are Mr. William Ashworth, Mr. N. Broadbent, and Mr. S. W. Clarke, who are eligible for re-election.

#### AUDITOR.

The retiring Auditor, Mr. Alec S. Oldman, is also eligible for re-appointment. No other nomination has been received at the date of this report.

#### GENERAL.

The past year has been uneventful so far as the District Society is concerned as, in view of the Jubilee dinner of the Parent Society, it was not thought desirable to hold a dinner locally.

Every possible endeavour has been made to stimulate the interest of members in the lectures, but the poor response, as evidenced in the meagre attendance which averaged sixteen only, would appear to indicate that the opportunities so afforded for the interchange of opinions on matters of professional interest are not appreciated as they ought to be. It is a question for serious consideration whether the results achieved justify the expense incurred and the work involved in arranging the lectures.

The Jubilee celebrations which were so successfully carried through in April have demonstrated the proud position which the Society now occupies in the commercial life of the country, and it behoves all the members of the District Society to use every means at their disposal to

maintain the traditions of the Society and to promote its interests to the utmost of their ability.

#### BURNLEY AND DISTRICT STUDENTS' SECTION.

##### Annual Report.

The results of the session have been gratifying to the Committee. Not that the numerical attendance has been as large as they would wish, but the manner in which the students have participated in the actual delivery of lectures augurs well for the future. No speakers from outside the membership have led the meetings this session, but the Committee do not contemplate taking this course indefinitely. At the same time, the older members have been agreeably surprised at the talent which has shown itself among the students.

The membership at the date of the report is:—

Students .. .. .	24
Incorporated Accountants ..	30

There have been six meetings as detailed below:—

"Some Comments on Final Accounts," by Mr. N. Broadbent, F.S.A.A.

"Survey of Bankruptcy," by Mr. N. S. Petty.

"Auditing Experience," by Mr. E. A. Elverson, A.S.A.A.

"Private Limited Company Formation," by Mr. H. A. Smith, A.S.A.A.

"Review of Municipal Activities in their relation to Finance," by Mr. J. Campbell, F.S.A.A. (Borough Treasurer of Accrington).

Discussion on "Some suggested Amendments of the Companies Act, 1929."

"My Experiences at the May Intermediate Examination," by Mr. Norman Ratcliffe.

"Some Impressionable Occasions," by Mr. Tom Sharratt.

The Committee congratulate the students who have been successful at the Society's examinations.

The following members of the Committee retire, but are eligible for re-election:—Students: Mr. J. H. Ashworth, Mr. Livesey Haworth, Mr. A. Whittaker. Incorporated Accountants: Mr. N. Broadbent, Mr. F. P. Pierce.

In accordance with Rule 5 (b), the Committee shall consist of not less than six nor more than twenty members of the Society.

The Section has been the most active accountancy body in East Lancashire during the past session and appreciates the services of all who have contributed to its work, including the Press for the publicity given to its proceedings, which show to the business community that much consideration is given to the problems by which they are confronted.

#### SOUTH WALES AND MONMOUTSHIRE.

##### (CARDIFF AND DISTRICT STUDENTS' SECTION.)

The annual general meeting of the Cardiff and District Students' Section held on May 20th, was presided over by Mr. Noel Cliffe, A.S.A.A.

The report of the Hon. Secretary on the work of the past session was received. Votes of thanks were unanimously accorded to the lecturers, officers, committee, judges, and sports secretaries for their services during the past session.

The appointment of officers for the session 1935-36 resulted in the following being elected: Chairman and Students' Representative on the District Committee: Mr. R. R. Davies, A.S.A.A.; Vice-Chairman: Mr. B. S. Horspool, A.S.A.A.; Hon. Secretary: Mr. J. Alun Evans;

Committee (Officers *ex officio*): Mr. Noel Cliffe, A.S.A.A., Mr. D. R. Carston, Mr. A. G. Pallot, Mr. E. T. Back, Mr. W. E. Thomas, Mr. G. E. Davies, and Mr. V. G. Fradd. Sports Secretaries: Mr. E. T. Back and Mr. A. G. Pallot.

Mr. R. R. Davies, in thanking the members for the honour conferred upon him by his election as Chairman, expressed the hope that he would receive the same cordial support as had been given to his predecessor during the whole of last session.

The successful competitors in the Prize Essay Scheme were announced, viz, 1st prize, Mr. H. L. Ward: Paper on "Business Statistics"; 2nd prize, Mr. T. Haslam, Paper on "Depreciation, Reserves and Sinking Funds." Best contribution to the discussions: Mr. W. E. Thomas.

The judges appointed to act during the forthcoming session were Mr. R. R. Davies, A.S.A.A., Mr. Noel Cliffe, A.S.A.A., Mr. Ivor Davies, A.S.A.A., Mr. B. S. Horspool, A.S.A.A., Mr. E. J. Wade, A.S.A.A., Mr. K. S. Williams, A.S.A.A., and the Hon. Secretary (Mr. J. Alun Evans).

A revision of the bye-laws was considered in detail, and the draft before the Committee was adopted for the approval of the District Society.

The business was concluded with a unanimous resolution of congratulation to Mr. R. Wilson Bartlett, J.P., F.S.A.A., Newport, on his election to the office of President of the Parent Society.

##### Report.

Towards the end of the session we were unfortunate in losing the services of Mr. G. M. Richards and Mr. J. S. Price. The casual vacancies thus created were filled by the appointment of Mr. W. E. Thomas and Mr. E. T. Back.

##### LECTURES AND MEETINGS.

The session was undoubtedly one of great success in every respect; attendances were higher, interest in the meetings generally seemed more keen, the discussions were enthusiastic, free and frank, and the social and educational functions were well supported. Two lectures were given, the President opening the session with a most interesting and inspiring address upon "The Responsibilities of Accountants." Members showed their appreciation of the services rendered by the President during a number of years by attending in large numbers. The other lecture was delivered by Mr. H. Meanock, F.C.I.I., Manager for Wales of the Welsh Insurance Corporation, Limited, upon "The Principles and Practice of Insurance." Mr. Meanock's remarks were full of interest and contained many helpful points on insurance matters. To both these gentlemen we extend our grateful thanks for so readily and ably imparting their expert knowledge to our members.

A third evening was taken up with a Mock Shareholders' meeting, which, as usual, attracted the largest attendance of the session. Unfortunately, the annual debate with the Newport Students' Section had to be abandoned.

The appeal for a better attendance, that has been made for several years, was realised to a greater extent than before; it was also encouraging to see many new students attending fairly regularly.

##### PRIZE ESSAY SCHEME.

The interest taken in this scheme continues, and the keen competition for prizes is further evidence of its progress. Several new members took part, and the total of twelve competitors was two more than the previous session. Further, there was a noticeable improvement in the standard of the papers submitted, and many more members took part in the discussions; their contributions, however, were only spasmodic, and there was very little competition for the prize. The judges look forward to a further improvement in this aspect of the scheme next session.

## EXAMINATIONS.

The record of the successful candidates at the examinations affords much pleasure, especially as it contains the names of many students who have taken an active part in the meetings of the Students' Section during the session. Eleven members passed the Final, ten the Intermediate, and three the Preliminary.

## SOCIAL AND EDUCATIONAL FUNCTIONS.

The annual outing was held on July 4th, 1934, when a visit was made to the West Regional Station of the B.B.C. at Washford Cross, Somerset. The party was conducted over the West Regional transmitter by two guides, whose lucid explanations made the tour most interesting.

The annual dance, held on December 12th, 1934, at the Park Hotel, Cardiff, proved the most successful yet held, there being 167 present.

By kind permission of the Head Postmaster, a party, numbering 25, made a tour of inspection of the General Post Office on March 28th, 1935.

## WEST OF ENGLAND.

## Annual Report.

The Committee have pleasure in presenting the Report on the work of the Society for the year ended March 31st, 1935.

## MEMBERSHIP.

The total membership to date is 227, including 43 Fellows, 106 Associates and 78 Students.

In July the Council approved of the constitution of a District Society for Devon and Cornwall, to which the members and students in that area were accordingly transferred. This accounts for the depleted membership compared with the preceding year.

## LECTURES.

The following lectures were given:—

*At Bristol.*

- "The Remedies of a Debenture Holder," by Mr. E. W. W. Veale, LL.D.
- "Estate Duty and Corrective Accounts," by Mr. R. Glynne Williams, A.C.A.
- "Arbitrations and Awards," by Mr. O. Griffiths, M.A., LL.B.
- "Income Tax—Back Duty," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.
- "The Duties and Responsibilities of Auditors," by Mr. C. A. Sales, LL.B., F.S.A.A.
- "The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A.

*At Gloucester.*

- "Arbitrations and Awards," by Mr. O. Griffiths, M.A., LL.B.
- "The Duties and Responsibilities of Auditors," by Mr. C. A. Sales, LL.B., F.S.A.A.
- "The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A.

## LIBRARY.

The circulation of the Library continues to show an increase and the Committee desire to record their thanks to donors of certain publications.

## EXAMINATIONS.

Ten students were successful in the Final examination during the year, and five in the Intermediate.

## CONFERENCE.

The West of England Society was represented by the Honorary Secretary at a Conference of representatives of District Societies, held in London on May 10th, 1934, and the President officially attended dinners of District Societies held at Birmingham, Cardiff, Liverpool and Manchester.

## DINNER.

The official dinner of this District Society was held on October 23rd, at the Royal Hotel, Bristol. The President, Mr. Sidney Foster, presided over a large attendance.

## COMMITTEE.

The retiring members of the Committee are Mr. C. W. Clark, Mr. G. J. Barron Curtis and Mr. F. A. Webber. They are eligible and offer themselves for re-election.

**Scottish Notes.**

(FROM OUR CORRESPONDENT.)

## May Examinations—Glasgow.

For many years the examinations at the Glasgow Centre were held in the Athenaeum Buildings, then the headquarters of the Glasgow and West of Scotland Commercial College. Last year the College removed to handsome new buildings, and the Council of the Scottish Branch decided to change the venue of the examinations to the new College. The new accommodation was found very satisfactory, and as the attendance of candidates was one of the largest in the history of the Branch the change was greatly appreciated. The examinations were supervised by Mr. James Paterson, Secretary of the Branch, assisted by Mr. J. Hawthorne Paterson, F.S.A.A. During the examination, the President of the Branch, Mr. Robert T. Dunlop, attended one of the sessions.

## The King's Silver Jubilee Medal.

Among the Scottish recipients of the King's Silver Jubilee Medal was Mr. James Stewart Seggie, C.A., F.S.A.A., Edinburgh, Chief Accountant of the Department of Health for Scotland, and an ex-President of the Scottish Branch and member of the London Council.

## Annual Meeting of the Society.

The annual meeting of the Society was attended by the new President of the Branch, Mr. Robert T. Dunlop, and the Secretary of the Branch, Mr. James Paterson, who also attended the conference of representatives of Branches and District Societies.

## Golf Meeting.

Members of the Scottish Branch and Glasgow Students' Society are reminded that the first golf meeting of this session will take place on Saturday, June 8th, at Troon Municipal (Loch Green) Course, at 11.30 a.m. Games will be arranged in the afternoon for those who cannot be present in the forenoon. A second meeting will be arranged probably in August, on a course to be fixed later. All members of the Branch and of the Students' Society are cordially invited. Further particulars will be given by Mr. James A. Mowat, 29, Waterloo Street, Glasgow, Hon. Secretary of the Glasgow Students' Society.

## Aberdeen—City Chamberlain.

Mr. David Ritchie Bishop, Incorporated Accountant, Assistant City Chamberlain, has been appointed to succeed Mr. R. G. Duthie, present City Chamberlain of Aberdeen. The salary is £850 per annum, rising by

annual increments of £50 to £1,100 per annum. Mr. Bishop, who is 42 years of age, has been in the service of the Aberdeen Corporation for 27 years and was appointed Assistant City Chamberlain in 1931. He qualified as an Incorporated Accountant in 1925, is Vice-President of the Aberdeen and District Students' Society, and has always taken a warm interest in the work of the Society in the North-East of Scotland. He is to be congratulated on his promotion.

#### The Late Mr. Wm. Harris Jack, F.S.A.A.

It is with great regret that we have to report the death of Mr. William Harris Jack, senior partner of Messrs. W. H. Jack & Co., Incorporated Accountants, Glasgow and London. A native of Edinburgh, he was educated at George Watson's College there, and about 40 years ago transferred to Glasgow, where he received his professional training. He commenced practice as a public accountant and soon built up a large connection, amongst other appointments being that of auditor of the Scottish Wholesale Co-operative Society, Limited. A few years ago his firm opened a branch office in London.

Mr. Jack took a keen interest in both political and civic affairs, and was well known in many other activities in Glasgow public life. He took a warm interest in the Scottish Branch of the Society, especially in the Glasgow Students' Society, and in the early years of its operations was a frequent attendee at the meetings. Mr. Jack was 76 years of age and is survived by his wife and a family of four.

#### Scottish Education Report.

The sixty-second Annual Report of the Scottish Education Department—that for 1933-34—has just been issued. The report is of an exhaustive character dealing with almost every phase of Scottish Education.

The receipts on Revenue Account amounted to £6,403,746, of which £6,166,538 was derived from grants from the Scottish Education Department and £237,208 from school fees and other sources. The further amount required to cover the expenses was met from grants under Part III of the Local Government (Scotland) Act, 1929, and from the Consolidated Rates.

The expenditure on Revenue Account amounted to £11,931,735, of which 63 per cent. was for salaries of, and retiring allowances to, teachers. Other outgoings included £1,813,496 (or 15.20 per cent.) for maintenance expenses, the remainder consisting of a variety of services. The general abstract shows details of revenue receipts and expenditure and loan liabilities apportioned over each county and county burgh.

## Notes on Legal Cases.

### REVENUE.

#### Burton (Montague) v. Inland Revenue Commissioners.

##### *Distribution of Reasonable Part of Income.*

Sect. 21 (1) of the Finance Act, 1922, provides that if a company for the year of assessment does not distribute as dividends a reasonable part of its actual income, the Commissioners may direct that the actual income from all sources of the company shall be deemed to be the income of members for purposes of assessment to super tax, but that in determining whether or not a reasonable part has been distributed regard is to be had to the current requirements and the maintenance and development of the business.

The appellant company, since its incorporation in 1917, had followed a policy of expansion, providing the capital necessary by using the company's profits, obtaining extended credit, and raising mortgages on properties purchased for the business of tailoring carried on by the company. For the year of assessment ended March 31st, 1929, the net profits of the company were £371,328, and a dividend of 100 per cent. was declared, which was met by payment of £3,000 to B and setting off the remainder against the amount owed by B to the company. B was the holder of all the shares, with a trifling exception. A contract of sale to a new company was entered into in February, 1929, and a resolution to wind up the appellant company was made shortly after the end of the year of assessment. B owed the appellant company over £1,000,000. The expenditure by the company on development of its business during the year in question was £630,478. A direction under sect. 21 (1) was made by the Commissioners.

It was held by the Court of Appeal that there was evidence upon which it could be found that the company had not distributed a reasonable part of its income, and that, therefore, the sub-section became applicable.

(C.A.; (1935) 152 L.T., 8.)

#### Kneen v. Martin.

##### *Possessions Out of the United Kingdom.*

The respondent was a citizen of the United States, but had in 1925 purchased a house in this country in which she had since resided. She was possessed of certain American securities, stocks and shares, which she had deposited for safe custody at a bank in New York. In the years 1932 and 1933 she caused certain of these securities, stocks and shares to be sold in America and the proceeds remitted to her in this country. Estimated assessments to income tax were made upon her for £5,000 for each of the two years 1932 and 1933 under Rule 2 of Case V of Schedule D of the Income Tax Act, 1918. On appeal by the respondent the Special Commissioners found that the proper inference to be drawn from the facts of the case was that the actual sums remitted to the respondent were all derived from the proceeds of the realisation of investments owned by her before 1925 and not from income, or the proceeds of the realisation of investments acquired out of the income arising since that date, and that she was not resident in the United Kingdom before 1925. They accordingly discharged the assessments.

The Court of Appeal held that the opening words of Schedule D and of Cases IV and V of that Schedule showed that the purpose of Rule 2 of Case V was to deal only with the income which accrued from possessions out of the United Kingdom to the person to be charged and which was remitted to this country. Rule 2 was part of the machinery for carrying out that purpose, and must be read as if the words "of income" were inserted after the word "sums" in that rule.

(C.A.; (1935) 1 K.B., 499.)

#### Dewar v. Inland Revenue Commissioners.

##### *Interest Payable on Legacy.*

The appellant, who became entitled to interest on a legacy, had not received any sum in respect of interest because, though the estate was sufficient to meet it, he had allowed the question of payment to stand over and had not elected at the date of the appeal whether or not he would claim it. He appealed against so much of an assessment to surtax as included interest on the legacy.

It was held that as the appellant had not received any of the interest, there was no income in respect of it on which he could be charged to tax.

(K.B.; (1935) 51 T.L.R., 360.)